made the concessions they did, and how the wrongness of those concessions can be recognized in future situations of similar temptation and pressure.

The chief victims of Yalta were free Poland and free China, which went into Communist captivity as a direct or indirect result. Neither country was represented at Yalta. The atmosphere of Big Three arrogance in which their fate was decided is illustrated by a statement of Roosevelt's: "He did not attach any importance to the continuity or legality of any Polish Government, since he thought in some years there had been in reality no Polish government." Yet his own administration had all along backed the Polish Government in exile and had many signed agreements with it, including the Atlantic Charter. The same heady note was more bluntly struck by Stalin, who declared it "ridiculous to believe that Albania would have an equal voice with the three great powers who had won the war * * *". What could not live in such an atmosphere was not only the voice of small nations, but the voice of any general principles of law and conduct that are the only alternative, in international as in domestic affairs, to the rule of fear and force.

"In increasing disregard of the right of weaker nations"—that was the source of Yalta's tragedy, wrote Historian G. F. Hudson in Commentary nearly a year ago. "During the last 2 years of his life Roosevelt fell more and more under the spell of his vision of a world governed arbitrarily for its good by a conclave of three men. * * * But it was necessarily Russia, and not the Western Powers, that gained by Big Three dictatorship, for it implied principles of an authoritarian, and not of a democratic order. The democracies can never play the totalitarian game unless they themselves become totalitarian; their interest as democracies lies in a world of independent and freely associated nations large and small."

It will take years of a more principled foreign policy before the West can wholly live down Yalta and reestablish its own coherent system, in which order is a function of consent and power is "not the parent but the servant of the right to command." The lesson of Yalta for the powerful is to resist the temptation to appease communism with other people's freedom, be they Poles, Chinese, or the Albanians for whom Stalin expressed such scorn. Yalta's victims remain on the agenda of liberation. That is what we confront when we turn from recriminations over Yalta to the long task of expiating it.

Mr. Speaker, that editorial is both blunt and inspiring. It warns that "it will take years of a more principled foreign policy before the West can wholly live down Yalta and reestablish its own coherent system." It rightfully concludes that the period of recrimination must end by rectifying the terrible mistakes of Yalta and that the enslaved nations make up our agenda for liberation. Life is to be congratulated for this hard hitting and stimulating editorial.

Under leave to extend my remarks in the RECORD, I have inserted these editorials, and commend them to the reading of all Members of Congress.

Isolation of Israel

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 22, 1955

Mr. CELLER. Mr. Speaker, our State Department is unfortunately and mistakenly bent at this time upon a policy of isolation of Israel. In doing so, the Department seems to protest to the world "not that we love Israel less but we love our defense pacts more." It does not seem to matter one whit to our policymakers that this infant nation, the standard bearer of democracy in the Middle East has, despite every manner and kind of obstacle placed before it, progressed toward maturity in wondrous contrast to the lack of progress, the illiteracy and the despairing population of the surrounding seven Arab nations. The attitude seems to be that Israel can take care of herself and hence all aid and comfort must be given to the Arab nations.

The question occurs to me whether, if Israel, with all its technological advantages, with its skilled labor force, with its strides in scientific achievement, with proven military skills, were to kick and to fuss against allying itself with the West, were to demand that she, too, be wooed and won, would she thus be dismissed and pressed into disregard? There is a considerable irony in the fact that Israel, being so definitely and conclusively oriented toward the West, should now be permitted to live in jeopardy by the very powers of the West. At Bandung, at the Asian-African Conference, Dr. Fadhill al-Jamali, Minister of State of Iraq and leader of the Iraqi delegation to the conference, named in the same breath colonialism, communism, and zionism as evils which disturb world peace and harmony. He calls zionism "the worst offspring of imperialism." He said he hoped the conference would brand Israel an illegitimate state and an aggressor and see to it that "Arab rights in their own home in Palestine are recognized and restored."

This man speaks for the nation to whom we are sending arms.

His associate, Premier Nuri Said, of Iraq, said only a little while ago that he considered the Zionist danger took precedence over the Communist danger.

Have we not here the evidence of a perspective in international affairs that spells danger to the interest of the United States?

It is tragic that this conceit of Arab policy is now to be spread through the Far East and Africa. The Premier of Iraq has called upon her new ally, Turkey, as well as Pakistan, to support the Arabs in a battle against Israel. There is none at the conference who will counter the spread of this antagonism into Asia and central Africa.

Sir Anthony Eden has given top priority to the search for a solution for Middle East tensions. It is an historical fact that world conflagrations start in areas that do not occupy great prominence on the map of the world. Hence, it is imperative that our State Department join in this search for solutions to bring peace to the Middle East. Every day of delay increases the danger. Only thus can the best interests of the United States be served, and we, as citizens of this beloved country, cannot silently acquiesce to a policy which cannot possibly enhance the search for peace.

SENATE

WEDNESDAY, MARCH 23, 1955

(Legislative day of Thursday, March 10, 1955)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

His Grace, the Right Reverend Athenagoras, of Boston, Mass., bishop of Elaia, Greek Orthodox Church of America, offered the following prayer:

Almighty and ever-living God, the source of all goodness, our refuge and protection, who in Thy providence hast made us heirs of this great and bountiful land of freedom, unto Thee we offer thanks.

As Thou hast condescended to send Thy Son, our Lord Jesus Christ, for us, so make us grateful recipients and worthy guardians of the teachings and ideals that He brought from above for our enlightenment and salvation.

As, under Thy guidance, our fathers retained their determination and sustained their courage, making our land free, so bless the glorious inheritance that we have received from their steadfastness and faith unto Thee.

As Thou hast made from one all nations of man to live on the face of the earth, so, O God of Nations, teach us to discover all nations' achievements and honor their contributions and sacrifices in the struggle for peace and freedom.

We thank Thee especially for the enlightening example in wisdom and bloody sacrifices for freedom of the gallant Greek Nation, whose day of independence we observe this week. We thank Thee for those defenders of honor, peace, and integrity who have sacrificed themselves for others; those who now strive to make us all understand our duties and appreciate our freedom and honor the traditions of our glorious land.

We beseech Thee, O Lord, grant that all those in authority prove themselves worthy of Thy people's trust. Bless all who work for peace and justice. Strengthen with Christian patience and true insight those who safeguard this blessed land from the threats of Thine enemies, the international assailants, the false preachers of nihilism and destruction.

Grant that this land may continue to grow in Thy sight, free and peace loving, a fortress of democracy, a sanctuary for the persecuted, always sharing its material and spiritual abundance with the needy of the world.

Fortify our ideals, O Lord, with Thy love, for where there is love there is no fear, no confusion. Pour unto our souls Thy peace which passeth all understanding, for only in Thee, the Father, the

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Son, and the Holy Spirit, do we find that peace which the world cannot give, the true source of freedom, joy, and justice. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, March 22, 1955, was dispensed with.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 913. An act to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate or House of Representatives; and

H. R. 2576. An act to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before June 1, 1957.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. ELLENDER, and by unanimous consent, the Committee on Agriculture and Forestry was authorized to meet today during the session of the Senate.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I am about to suggest the absence of a quorum, in the hope that a large number of Senators will be present on the floor, and then I plan to propose a unanimous-consent agreement concerning laying the unfinished business aside and proceeding to the consideration of the resolutions reported by the Committee on Banking and Currency. Before I make that suggestion, I wish to have as many interested Senators as possible present on the floor, in order that they may know of the intended course of action.

I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

SALE OF RUBBER-PRODUCING FACILITIES — UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, I have conferred with the minority leader and with the distinguished chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER]. It is my understanding that the Committee on Agriculture and Forestry will meet this afternoon, to give consideration to certain suggestions which have been made and which, we hope, will eliminate the controversy now extant in respect to the cotton situation.

In view of the fact that before Friday action must be taken on the rubber-plant disposal resolutions, which have been reported from the Committee on Banking and Currency, it is our thought that if we can obtain a unanimous agreement in regard to action on those resolutions, we shall move to lay aside temporarily the cotton-acreage bill, and have the Senate consider the rubber-plant disposal resolutions coming from the Banking and Currency Committee.

I have talked to the distinguished minority leader [Mr. KNOWLAND], and he is agreeable to the suggestion. I have discussed it with the chairman of the subcommittee handling the rubber-plant disposal measures, and he is agreeable to the suggestion. I have discussed it with the senior Senator from Oregon [Mr. MORSE], who has a resolution of disapproval; and he is agreeable to the suggestion.

Therefore, Mr. President, on behalf of the majority and minority leaders, I submit a proposed unanimous-consent agreement, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The proposed agreement will be stated.

The legislative clerk read as follows:

Ordered, That when called up by the majority leader for consideration debate on the following bill and resolutions shall be limited as hereinafter indicated:

S. 691, a bill to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex.;

Senate Resolution 76, resolution disapproving the sale of the rubber-producing facilities; and

Senate Resolution 78 and Senate Resolution 79, resolutions disapproving the sale of certain rubber-producing facilities in California.

On S. 691, debate shall be limited to not exceeding 2 hours, to be equally divided and controlled by the majority and minority leaders; and not to exceed 1 hour on any floor amendment, motion, or appeal in connection therewith, to be equally divided and controlled by the proposer of any such amendment, motion, or appeal and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

On Senate Resolution 76, debate shall be limited to 6 hours, to be equally divided and controlled by the majority leader and the Senator from Oregon [Mr. MORSE].

On Senate Resolution 78 and Senate Resolution 79 (which shall be considered jointly), debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and minority leaders.

The VICE PRESIDENT. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and the agreement is entered.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that at this time there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS

The VICE PRESIDENT laid before the Senate the following communications, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF COMMERCE (S. DOC. NO. 17)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the Department of Commerce, in the amount of $110,854, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF JUSTICE (S. DOC. NO. 18)

A communication from the President of the United States, transmitting a proposed supplemental appropriation, for the Department of Justice, in the amount of $300,000, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, FOR THE JUDICIARY (S. DOC. NO. 19)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the judiciary, in the amount of $877,800, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF LABOR (S. DOC. NO. 20)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the Department of Labor, in the amount of $13,000,000, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, TAX COURT OF THE UNITED STATES (S. DOC. NO. 21)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the Tax Court of the United States, in the amount of $63,000, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, FOR THE LEGISLATIVE BRANCH (S. DOC. NO. 22)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the legislative branch, in the amount of $438,233, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED PROVISION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (S. DOC. NO. 16)

A communication from the President of the United States, transmitting a proposed provision, for the fiscal year 1955, for the Department of Health, Education, and Welfare (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By Mr. LANGER (for himself and Mr. YOUNG):

A concurrent resolution of the Legislature of the State of North Dakota; to the

Committee on Interstate and Foreign Commerce:

"House Concurrent Resolution V-1

"Concurrent resolution urging the Federal Power Commission to deny applications for the importation of foreign natural gas into the north central area while a surplus of gas exists in this area

"Whereas applications are now pending before the Federal Power Commission for the importation of foreign natural gas into North Dakota and other States of the north central area of the United States; and

"Whereas the importation of natural gas from foreign sources will retard and handicap the development of the natural resources of North Dakota and the north central area; and

"Whereas it is in the interest of the prosperity and development of the State of North Dakota that the natural resources of this State be used in an efficient and useful manner without unfair competition from foreign sources: Now, therefore, be it

"*Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein)*, That this legislative assembly expresses its continuing concern over the granting of any applications for the importation into North Dakota of supplies of natural gas from foreign sources until such time as existing supplies of such products within the State of North Dakota and the north central area of the United States are being fully, safely, and adequately utilized as determined by the North Dakota Public Service Commission; and that this legislative assembly hereby urges and requests the Federal Power Commission to allow such importations only when the above conditions are met; be it further

"*Resolved*, That copies of this resolution be forwarded by the chief clerk of the house of representatives to the Federal Power Commission and to each member of the North Dakota congressional delegation, and to the North Dakota Public Service Commission.

"R. A. FITCH,
"*Speaker of the House.*
"KENNETH L. MORGAN,
"*Chief Clerk of the House.*
"C. R. DAHL,
"*President of the Senate.*
"EDWARD LENO,
"*Secretary of the Senate.*"

A concurrent resolution of the legislature of the State of North Dakota; to the Committee on Interior and Insular Affairs:

"House Concurrent Resolution H-2

"Concurrent resolution urging Congress and the Bureau of Indian Affairs to establish tribal courts or courts of Indian offenses for the Fort Totten Indian Reservation

"Whereas the Federal Government has withdrawn from law enforcement activities upon the Fort Totten Indian Reservation; and

"Whereas the Supreme Court of the State of North Dakota has ruled that this State has no jurisdiction over such Indian lands; and

"Whereas there is presently no provision for any law enforcement whatsoever upon the Fort Totten Indian Reservation except for the 10 major crimes; Now, therefore, be it

"*Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein)*, That the legislative assembly hereby urges and requests the Congress and the Bureau of Indian Affairs to provide for the establishment of tribal courts or courts of Indian offenses at Fort Totten Indian Reservation in order to maintain law and order on such Indian lands; and be it further

"*Resolved*, That copies of this resolution be forwarded by the chief clerk of the house of representatives to the the President of the United States, the Bureau of Indian Affairs, and to each Member of the North Dakota congressional delegation.

"K. A. FITCH,
"*Speaker of the House.*
"KENNETH L. MORGAN,
"*Chief Clerk of the House.*
"C. P. DAHL,
"*President of the Senate.*
"EDWARD LUCO,
"*Secretary of the Senate.*"

AMENDMENT OF NATURAL GAS ACT—RESOLUTION OF CITY COUNCIL OF DULUTH, MINN.

Mr. THYE. Mr. President, within recent days, I have received copies of resolutions adopted by the city councils of Minneapolis and St. Paul, in which concern and opposition is expressed to pending legislation relating to the jurisdiction of the Federal Power Commission over the production and gathering of natural gas, and its sale to interstate pipeline companies. The text of these resolutions I have already called to the attention of the Senate through insertion in the RECORD.

Today I received a copy of another resolution, this being one considered and adopted by the City Council of the City of Duluth, Minn., on March 21, 1955.

Mr. President, I present the resolution, for appropriate reference and ask unanimous consent that it be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

Whereas, under the provisions of the so-called Harris bill (H. R. 4560), it is proposed to take away from the regulation of the Federal Power Commission all production, gathering, processing, treating, compressing, and deivering of natural gas to pipeline companies; and

Whereas by the provisions of said bill it is proposed to limit the jurisdiction of the Federal Power Commission to regulate natural gas to only such sales for resale as occur after the completion of all production, gathering, processing, treating, compressing, and delivery of such gas to pipeline companies; and

Whereas it is proposed by such legislation to limit sales of natural gas for resale to such sales in interstate commerce as occur after the commencement of the transportation of such gas in interstate commerce but which do not include any sales which occur in, or within the vicinity of, the field or fields where produced at or prior to the commencement of such transportation of natural gas in interstate commerce; and

Whereas it is further proposed by said H. R. 4560 to require the Federal Power Commission to fix a rate based on the fair field price of such natural gas; and

Whereas it is the opinion of the city council that the passage of this bill, or any legislation similar in purpose or effect, will nullify the decision of the United States Supreme Court in the case of *Phillips Petroleum Co.* v. *State of Wisconsin* (347 U. S. 672, 74 S. Ct. 794 (1954)), thereby destroying the benefits to be derived from such decision; and

Whereas the consumption of natural gas by domestic consumers in the city of Duluth would be proportionately greater than most other large urban centers because of the long and intensely cold winter season, and, therefore, the city of Duluth is vitally interested in any legislation which might tend to increase the price of gas to consumers; and

Whereas it is the opinion of the city council that passage of this bill, or any similar legislation which has for its object the removal from the jurisdiction of the Federal Power Commission all production, gathering, processing, treating, and compressing in the producing field or in the vicinity of the producing field of natural gas, may well result in increased cost burdens to consumers of gas in the city of Duluth for the reason, among others, that the producing States, before such gas enters the pipelines, may levy substantial attribution and other charges, which charges may be included in the cost of gas to the consumers thereof; and

Whereas it is the opinion of the city council that requiring the Commission to fix a price according to the fair field formula may result in increased rates to consumers of natural gas in the city of Duluth; and

Whereas it is the opinion of the city council that the said H. R. 4560 is not in the public interest: Now, therefore, be it

Resolved, That the City Council of the City of Duluth opposes the passage of H. R. 4560, or any legislation having a similar object; and requests the Members in Congress from Minnesota to exert their utmost efforts to defeat such bill; further

Resolved, That the city clerk is hereby directed forthwith to mail a certified copy of this resolution to each Member of the United States Congress from the State of Minnesota.

Mr. HUMPHREY presented a resolution of the City Council of the City of Duluth, Minn., identical with the foregoing, which was referred to the Committee on Interstate and Foreign Commerce.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. AIKEN, from the Committee on Agriculture and Forestry:

S. 46. A bill to further amend the Agricultural Adjustment Act of 1938, as amended, to exempt certain wheat producers from liability under the act where all the wheat crop is fed or used for seed on the farm, and for other purposes; without amendment (Rept. No. 119).

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 23, 1955, he presented to the President of the United States the enrolled bill (S. 913) to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate or House of Representatives.

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. YOUNG (for himself and Mr. LANGER):

S. 1530. A bill to change the name of the reservoir above Garrison Dam and known as Garrison Reservoir or Garrison Lake, to Lake Sakakawea; to the Committee on Public Works.

(See the remarks of Mr. YOUNG when he introduced the above bill, which appear under a separate heading.)

By Mr. WILEY:

S. 1531. A bill to authorize the construction of a new general medical-surgical hospital at the Veterans' Administration Center, Wood, Wis., and for other purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. WILEY when he introduced the above bill, which appear under a separate heading.)

By Mr. JOHNSON of Texas:

S. 1532. A bill to provide for a preliminary examination and survey of the San Felipe Creek, Tex., for flood control and allied purposes; to the Committee on Public Works.

By Mr. CURTIS:

S. 1533. A bill for the relief of John Nicholas Christodoulias; to the Committee on the Judiciary.

By Mr. MANSFIELD (for Mr. MURRAY and himself):

S. 1534. A bill to facilitate the construction of drainage works and other minor items on Federal reclamation and like projects; and

S. 1535. A bill authorizing the issuance of patents to certain members of the Blackfeet Indian Tribe holding exchange assignments on tribal lands; to the Committee on Interior and Insular Affairs.

By Mr. WELKER:

S. 1536. A bill to provide for the relinquishment and disposal of farm labor camps under the jurisdiction of the United States Housing Authority; to the Committee on Banking and Currency.

By Mr. BUSH:

S. 1537. A bill for the relief of Carol Brandon (Valtrude Probst); to the Committee on the Judiciary.

By Mr. HUMPHREY (for himself and Mr. AIKEN):

S. 1538. A bill to amend the Commodity Exchange Act; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. HUMPHREY when he introduced the above bill, which appear under a separate heading.)

By Mr. MARTIN of Iowa:

S. 1539. A bill for the relief of M. Sgt. Robert A. Espe; to the Committee on the Judiciary.

By Mr. IVES:

S. 1540. A bill for the relief of Edith Kahler; to the Committee on the Judiciary.

By Mr. DOUGLAS (for himself and Mr. HENNINGS):

S. 1541. A bill for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel; to the Committee on the Judiciary.

By Mr. DANIEL:

S. J. Res. 58. Joint resolution to designate the 1st day of May 1955 as Loyalty Day; to the Committee on the Judiciary.

DESIGNATION OF LAKE CREATED BY GARRISON DAM IN NORTH DAKOTA AS "LAKE SAKAKAWEA"

Mr. YOUNG. Mr. President, on behalf of myself, and my colleague, the senior Senator from North Dakota [Mr. LANGER], I introduce, for appropriate reference, a bill to change the name of the reservoir above Garrison Dam and known as Garrison Reservoir or Garrison Lake, to Lake Sakakawea. I ask unanimous consent to make not more than a 2-minute statement regarding the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred. Under the unanimous consent agreement, the Senator is entitled to 2 minutes.

The bill (S. 1530) to change the name of the reservoir above Garrison Dam and known as Garrison Reservoir or Garrison Lake, to Lake Sakakawea, introduced by Mr. YOUNG (for himself and Mr. LANGER), was received, read twice by its title, and referred to the Committee on Public Works.

Mr. YOUNG. Mr. President, I have just introduced, on behalf of my colleague, the senior Senator from North Dakota [Mr. LANGER] and myself, a bill which would designate the lake created by Garrison Dam in North Dakota as Lake Sakakawea. I ask the indulgence of the Senate for a moment or two to point out a few of the many great attributes that this Indian woman possessed.

Sakakawea, as a young Indian girl, was captured by an Indian war party and brought to the Indian camp which was located very near the present site of Garrison Dam. History indicates that she may have been a Shoshone Indian, since she was captured near Three Forks, Mont., where the Shoshones lived. However, the three affiliated tribes now residing on the Fort Berthold Reservation claim that Sakakawea was a member of one of their tribes, namely the Gros Ventre. I have every reason to believe that their historical records with respect to her heritage are correct.

It is believed she was approximately 12 years of age at the time she was captured, and a short time after her arrival in North Dakota, she met a man by the name of Charbonneau, a French trader residing at the Indian village, who later married her. The spelling of her name, as well as her heritage, is controversial, but the adopted usage of her name in North Dakota is the one which appears in my bill and is taken to mean "The Bird Woman."

When the Louis and Clark expedition reached the Indian village near the present site of the Fort Berthold Reservation in the early winter of 1804, they employed Charbonneau as an interpreter and agreed that his young wife would also accompany the expedition as it moved westward in the spring. In February of 1805, Sakakawea gave birth to an infant son, and with this added burden journeyed westward. She faced all of the hardships of the journey with staunch courage. In the records of this expedition, Louis and Clark pointed out many times that her cheerfulness and resourcefulness contributed a great deal to the success of their mission. While she did not serve as an official guide, existing records indicate that it was she who pointed out to Captain Clark the location of Bozeman Pass and other landmarks near the headwaters of the Missouri River, since she was very familiar with that portion of the route. When they reached the lands occupied by the Shoshone Indians, Sakakawea was successful in obtaining horses and other assistance from those Indians.

After the expedition had completed its trip to the Pacific, it returned to what is known as the Knife River villages, and Captain Clark, in an effort to repay Sakakawea for her invaluable service, offered to educate her son if he were placed under his care at St. Louis. It is estimated that Sakakawea died in 1812 at the age of 25. Here again another controversy exists as to her actual place of burial, which history has never completely resolved, due primarily to the lack of official documents.

Since our present civilization owes a great deal, in my opinion, to the well known and noted Indian leaders who in their own way played an important part in the settling of this Nation, I think it only fitting and proper that this lake being created on the Missouri River be named in memory of Sakakawea. She knew and understood the Missouri River from its headwaters to the present site of Garrison dam. Her ingenuity materially aided the exploration by Lewis and Clark of this river and northwest territory. Her memory is generally revered by all of the Indians who presently reside along the Missouri River.

I am hopeful that this Congress, in gratitude of her many contributions, will see fit to approve my bill, naming that impounded body of water created by Garrison Dam, Lake Sakakawea.

PROPOSED NEW VETERANS HOSPITAL AT WOOD, WIS.

Mr. WILEY. Mr. President, I introduce, for appropriate reference, a bill to authorize the construction of a new general medical-surgical hospital at the Veterans' Administration Center, Wood, Wis., and for other purposes. This bill is a companion measure to one introduced in the House of Representatives by my distinguished colleague, Representative CLEMENT ZABLOCKI, House bill 600, for the purpose of affording improved medical service to Wisconsin veterans, now serviced by the grossly inadequate facilities at the Veterans' Administration General Hospital and domiciliary facilities at Wood, Wis.

Representative ZABLOCKI has previously introduced important bills for this same purpose. Yesterday he commented anew on the floor of the House of Representatives, rightly pointing up the extremely inadequate condition of the present obsolete facilities at Wood.

I ask unanimous consent that a brief statement which I have prepared on this subject, together with appended materials, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement and other material will be printed in the RECORD.

The bill (S. 1531) to authorize the construction of a new general medical-surgical hospital at the Veterans' Administration Center, Wood, Wis., and for other purposes, introduced by Mr. WILEY, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The statement and related materials, presented by Mr. WILEY, are as follows:

STATEMENT BY SENATOR WILEY

THE NEED FOR NEW FACILITIES

From all over my State, I have heard from a great many veterans organizations which are deeply interested in strengthening of medical services to Wisconsin's ill and disabled veterans.

For that purpose, I am pleased to introduce this companion bill H. R. 600.

I believe as CLEM ZABLOCKI has believed—in his 3-year fight for this bill—that its passage would go a long way toward fulfilling of the Nation's debt to the veterans in my particular area.

Let me say that it is, in my judgment, poor economy, indeed, it is pennywise and pound foolish, to deny adequate modern medical facilities to ill ex-servicemen.

When a man is restored to health or at least is given every medical service that modern science can provide, he is in a far better position to help himself and to contribute to his loved ones and to his Nation, than when he lies flat on his back because of receiving inadequate attention in an inadequate decrepit facility.

As for elderly veterans, there is no veteran so old that he cannot be helped to enjoy life more and to use his remaining years as constructively as possible.

It is good economy to serve the veteran's needs decently and efficiently and it is poor economy to serve them badly.

But, more important, there is a humanitarian issue involved, and there is a patriotic issue involving our Nation's obligations to those who saved it on the field of battle.

VA report to House committee

The VA itself has listed Wood as 1 of 56 hospitals which need complete renovation or modernization. More important, it is on a list of 16 hospitals included in a plan for eventual replacement. So, we might paraphrase the old advertisement, which read, "If eventually, why not now?"

Let us not wait needlessly. Let us have a new 1,500-bed hospital at Wood. Such a hospital would be magnificent news not only to our veterans but to the hard-working management headed by D. C. Firmin and his able staff at Wood which has to get along with pitifully ancient facilities. Medical science should not be denied what it needs.

So, let us not merely perform some patchwork on Wood—replacing one unit or piece of equipment here or there. Let us get a new hospital to house 1,661 domiciliary beds, thus replacing the present "dom" facilities, some of which date back as far as 1867. Let us plan well and comprehensively, rather than fumble along with halfway measures for those who, after all, did not give half of themselves but rather all of themselves in the service of our land.

Hope for favorable report

I hope therefore that our good friend, VA Administrator Harvey Higley will report favorably on this proposed legislation, so that it can be enacted separately or in an omnibus bill with reasonable speed. I know that there are other acute VA facility problems elsewhere in our Nation, but I feel that the situation at Wood is unique in many respects and should be promptly remedied.

There follow various expressions which I have received from Wisconsin veterans' groups and the text of an article which appears in the current issue of the Disabled American Veterans magazine in my State.

MILWAUKEE COUNTY CHAPTER,
CATHOLIC WAR VETERANS,
Milwaukee, Wis., March 8, 1955.

Hon. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR MR. WILEY: The Milwaukee County chapter of the Catholic War Veterans of America, in meeting assembled February 28, 1955, wholeheartedly endorses the proposed bill in Congress, H. R. 600. We all know we cannot do enough for our disabled veterans, those who were injured while in the service of their country.

They deserve the proper hospitals and the proper care. They can receive this in good and modern VA hospitals. The waiting list is long. The need is great.

If, however, the hospitals throughout the country are in the shape that Wood, Wis., is in, they will never be taken care of. The "dorm" there is old, inadequate, and is a virtual firetrap. It is overcrowded, and the waiting list is a mile long.

Something must be done. H. R. 600 is a good start. Many of the men and women are getting treatment in poor and expensive places. Let us get them in a sound and proper VA program—the best that we can give them.

We are hoping the bill passes through the House quickly and that the Senate acts favorably upon it. We Catholic war veterans of Milwaukee strongly urge you and Senator MCCARTHY to support this bill and convince the others.

These veterans deserve all we can give them. We will do our American duty.

Thank you very much.

Sincerely yours,

ROGER PETERS,
Adjutant.

CHINA-BURMA-INDIA
VETERANS ASSOCIATION,
Milwaukee, Wis., March 15, 1955.

Hon. ALEXANDER WILEY,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: The Wisconsin department of the China-Burma-India Veterans Association respectfully requests your ardent support of H. R. 600 which provides, in effect an appropriation for the construction of new hospital buildings at Veterans' Administration Hospital, Wood, Wis.

Our veterans organization, after careful study and consideration, recently passed a resolution favoring this must needed project. The present domiciliary buildings at this soldiers' home are very old, unsanitary, obsolete, and are certainly considered to be fire hazards. Whatever you can do to expedite the passage of this legislative measure will be deeply appreciated, not only by the patients of this installation, but also by all veterans of this area.

Cordially yours,

LESTER J. DENCKER,
GEORGE DIETZ,
Resolutions Committee.

[From the Disabled American Veterans magazine for March 1955]

WISCONSIN DAV SPARKS DRIVE FOR NEW VA HOSPITAL AT WOOD

(By Lloyd B. (Wash) Cain)

Encouraged by the introduction of H. R. 600 in the House of Representatives, calling for the construction of a new general medical-surgical hospital at the VA Center at Wood, Wisconsin Department Commander Howard Fairbanks, his staff and other DAV leaders in the State, have launched an all-out campaign to bring this program to a successful conclusion.

The resolution, as introduced by Congressman CLEMENT J. ZABLOCKI, Democrat, Wisconsin, and now referred to the Committee on Veterans Affairs of the House of Representatives, reads as follows:

"A bill to authorize the construction of a new general medical-surgical hospital at the Veterans' Administration Center, Wood, Wis., and for other purposes

"*Be it enacted, etc.*, That the Administrator of Veterans' Affairs is hereby authorized and directed to construct a new modern fireproof Veterans' Administration general medical and surgical hospital of 1,500 beds, with necessary auxiliary structures, on a suitable site at the Veterans' Administration Center, Wood, Wis.

"SEC. 2. The Administrator of Veterans' Affairs is further authorized and directed to convert the existing hospital buildings and facilities at the Veterans' Administration Center, Wood, Wis., for use as a domiciliary, to which, upon completion and opening of the new Veterans' Administration hospital herein authorized, or as soon thereafter as possible, shall be transferred all eligible veterans receiving domiciliary care at such center.

"SEC. 3. The Administrator of Veterans' Affairs is further authorized and directed to survey the existing domiciliary buildings and facilities at the Veterans' Administration Center, Wood, Wis., and, upon completion of the new hospital construction and conversion of the existing hospital to a domiciliary, herein authorized, to abandon and raze any or all of such existing domiciliary buildings and facilities as he finds to be obsolescent or inadaptable for further use.

"SEC. 4. There are hereby authorized such sums as may be necessary to carry out the purposes of this act."

In discussing this program with leaders over the weekend it was estimated that the new hospital would cost about $25 million, which would include modification of the present hospital facilities. A hospital of the type proposed would probably be a building about 18 stories in height.

If a new hospital were constructed, the domiciliary activities at Wood could be accommodated in the present hospital building. These latter buildings, while outmoded and very undesirable in many respects for hospital activities would be suited and easily adaptable for domiciliary activities. This would permit abandoning the old domiciliary buildings. These buildings were constructed during the period of 1867 through 1880, and have deteriorated to the extent that they have become fire hazards and a severe and very expensive maintenance problem. Moreover, the old structures do not provide any of the physical conveniences and facilities for standard care of the disabled veteran. This must be emphasized when considering the advancing age of all veterans.

Asked regarding the present population at the Wood Hospital, Mr. D. C. Firmin, manager, presented the following statistics:

Hospital patients: Korean veterans, 76; World War II veterans, 392; World War I veterans, 583; Spanish-American War veterans, 43; peacetime veterans, 7; and nonveterans, 7, for a total of 1,108.

Domiciliary members: Indian wars veterans, 3; retired Regular Army, 3; Spanish-American War veterans, 52; World War I veterans, 1,364; World War II veterans, 125; peacetime veterans, 23; Korean veterans, 0, for a total of 1,570.

The main hospital building at Wood was constructed in 1923. The building accommodating the NP service, which is apart from the main building was constructed in 1932. The main building was originally built as a TB hospital and later its use was converted to general medical and surgical. When these buildings were planned, the present active and dynamic medical program and its requirements were not anticipated. Following World War II, an overall change in the VA concept of a good medical program took place. There have been added various services as parts of the hospital team. Existing services have been expanded. There were absolute necessities to bring the medical and treatment standards for disabled veterans to the desired level. Attempt was made to crowd all these activities in the various wings of the hospital building, which never in any manner or fashion been designed to accommodate such services. Consequently, there resulted a crowded, inconvenient, inadequate, makeshift, and awkward arrangement. Much time and effort must be expended at great expense in the operation of the hospital, because of these inadequacies.

The construction of a new hospital would allow planning a combination of the hospital and RO outpatient services. This would result in eliminating duplication of effort and expense and would definitely improve the quality of service to the veteran.

Milwaukee is a logical site for such an outstanding VA medical center. Milwaukee has one of the best medical schools, (Marquette University) in the country. Affiliation with the University Medical School and the availability of the most capable physicians on consultant basis assure the VA of the best possible medical practice in connection with the care of veterans. The Federal Government already owns sufficient land to undertake a construction program of this magnitude.

The present hospital bed capacity at Wood is 1,275. The Armed Forces have a current strength approaching 4 million. The increased potential veteran load is obvious. Therefore, the minimum size of a hospital of the general medical and surgical type for Wisconsin should at least approximate the present size.

A new hospital could be erected in an area adjacent to the existing hospital buildings in which the domiciliary activities would eventually be located. This would concentrate all the center medical activities (hospital, domiciliary, and outpatient service) in close proximity to each other, thereby greatly facilitating operation and resulting in tremendous savings in operating costs.

The VA center at Wood is a city in itself—a city of memory, a community of pain.

Its population is now about 2,780 men (and 10 women). They all served in the Armed Forces of the United States, and all are disabled or incapacitated in some way.

One ward of 30 beds, had been set aside for women veterans but because the demand has dwindled this has been reduced to an 18-bed ward. Currently only 210 women veterans are hospitalized.

Young men and old men alike live at Wood. The average age of the Spanish-American war veterans is about 76, compared with an average age of about 24 for the 76 hospitalized veterans of the Korean conflict.

The largest group at the center consists of World War I veterans, whose average age is now about 58. About 1,364 World War I men get domiciliary care at the center, and 583 are hospitalized.

The average daily hospital bed capacity is about 1,130.

World War II veterans, with an average age of 34, are the second largest group. About 392 World War II men are hospitalized, and 125 are receiving domiciliary care.

The center has a total of 2,936 beds in all categories. Of these, 1,275 are hospital beds and 1,661 are domiciliary-care beds.

The men in the domiciliary spend part of their time in arts and crafts activities, which include rug making, plastic work, leather work, wood work, and toy repairing. The 45 blind veterans are limited to rug making.

The center fronts on West National Avenue, between South 44th and South 54th Streets. It includes about 90 buildings located on 265 acres. Among the buildings are 4 hospitals, 10 domiciliary barracks, libraries, recreational buildings, theaters, a chapel, a laundry, supply warehouse, greenhouses, and quarters for personnel.

The Wood Center is the outgrowth of the efforts of Milwaukee women who met in a church basement on October 18, 1861, to organize an aid society for Civil War soldiers.

The society and other women's groups subsequently formed the Soldiers' Home Association and opened a home for Civil War veterans on March 31, 1864. One year later the Milwaukee organization turned over its funds to the Federal Government which opened a national soldiers' home in Milwaukee.

Shortly before World War I, the Government considered closing the home at Wood because the number of patients and residents had dwindled. But with the advent of World War I, the center was again needed. Congress appropriated $1,250,000 for additional buildings at Wood. Milwaukeeans donated furniture and equipment for the recreation rooms of a tuberculosis hospital which was opened in April 1923.

World War II was another milestone in the center's development. Congress appropriated a total of about $1,500,000 for additions and alterations to buildings at Wood.

A total of 1,700 full-time employes at the center care for the 2,780 men. About 375 men, mostly domiciliary patients, are employed as part-time workers.

The center operates on a budget of about $8,400,000 a year, plus about $125,000 for maintenance and repairs.

Under the direction of Commander Fairbanks, petitions already are being circulated among the DAV membership. Elsewhere in this edition is a suggested heading for a petition which should be circulated by DAV members in all sections of Wisconsin. Every DAV chapter and auxiliary member in the State should immediately contact his or her Congressman and urge his support for H. R. 600, providing for a new hospital at Wood.

AMENDMENT OF COMMODITY EXCHANGE ACT, SO AS TO INCLUDE ONIONS

Mr. HUMPHREY. Mr. President, on behalf of myself, and the Senator from Vermont [Mr. AIKEN], I introduce, for appropriate reference, a bill to amend the Commodity Exchange Act, to include onions among the commodities coming under the provisions of that act. I ask unanimous consent that the bill, together with a statement prepared by me, concerning the need for such legislation, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 1538) to amend the Commodity Exchange Act, introduced by Mr. HUMPHREY (for himself and Mr. AIKEN), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 2 (a) of the Commodity Exchange Act, as amended (7 U. S. C. 2), is amended by inserting "onions," after "eggs", in the third sentence thereof, so that onions are added to the definition of the word "commodity" for the purposes of said act.

SEC. 2. This act shall take effect 60 days after the date of its enactment.

The statement presented by Mr. HUMPHREY is as follows:

STATEMENT BY SENATOR HUMPHREY

Onion producers and produce dealers of Minnesota are justly disturbed over the adverse effects of unregulated gambling in onion futures.

This bill would amend the Commodity Exchange Act by extending its provisions to onions, thus subjecting future trading in onions to regulation under the Commodity Exchange Act.

While it is recognized that regulations under the Commodity Exchange Act alone may not be able to prevent completely the wide seasonal price swings traditional in the marketing of onions, it should help.

Enactment of the bill would at least enable the Department of Agriculture to obtain the facts as to what takes place in the onion futures market and to deny trading privileges to any person found to have engaged in manipulative trading or other unlawful trade practices.

Also, information developed through investigations and reports required under authority of the Commodity Exchange Act could provide a factual basis for determining whether futures trading in onions serves the public interest, or whether the Congress should consider legislation looking to the drastic curtailment or prohibition of such trading.

Minnesota produced 32 million bushels of onions in 1954. It is a crop important to our agricultural economy. It is also an important crop in Wisconsin, Michigan, New York, Texas, and other States.

Producers in Minnesota claim trading on the Chicago Mercantile Exchange in "paper onions"—far more onions than physically exist—have been detrimental to those who are engaged in the legitimate handling of onions, resulting in disastrous price fluctuations.

Congress has already indicated its agreement that this onion trading should be brought under regulation. Both Houses last year adopted similar legislation, but the bill died in conference after a Senate amendment adding a similar provision for coffee.

Onion producers now urge their case be considered on its own merit, so some semblance of more orderly marketing can be provided.

DESIGNATION OF MAY 1, 1955, AS LOYALTY DAY

Mr. DANIEL. Mr. President, I introduce, for appropriate reference, a joint resolution to designate the 1st day of May 1955 as Loyalty Day.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 58) to designate the 1st day of May 1955 as Loyalty Day, introduced by Mr. DANIEL, was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. DANIEL. Mr. President, the purpose and background of this matter are covered by a statement by Mr. Omar B. Ketchum, director of the national legislative service of the Veterans of Foreign Wars. I ask unanimous consent that the statement by Mr. Ketchum be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY OMAR B. KETCHUM ON LOYALTY DAY

The idea for observance of Loyalty Day first came into being around 1929 when VFW leaders in the Boston-New Jersey-New York area decided that something should be done in the way of a counter offensive against the Communist May Day demonstrations, which had been attracting widespread attention for several years.

It was unthinkable to men who had served their country on foreign soil or in hostile waters, that mass demonstrations in American cities in support of the godless ideology of communism should go unchallenged. If the Communists could stage parades in support of this atheistic way of life, why couldn't patriotic and loyal Americans stage parades and demonstrations emphasizing our democratic processes and the American way of life.

As a result of this patriotism there came into being what is now widely known and heralded as Loyalty Day, when parades and other forms of observances are held in hundreds of cities to reaffirm and rededicate the love and devotion of our people for our American way of life.

Loyalty Day observance is nonpartisan and nonsectarian and all patriotic groups and organizations, including foreign language groups, are invited to participate. The VFW has acted, and acts, to provide the leadership where necessary and to serve as a coagulant in bringing the various groups together in the patriotic observance. The zeal and enthusiasm with which Loyalty Day observance has been undertaken in large eastern seaboard cities such as Boston, New York, and Philadelphia, has largely resulted in the gradual disintegration of Communist May Day demonstrations. While parades are held in scores of cities and towns each year, the largest Loyalty Day parades are held in New York, Jersey City, and Philadelphia with hundreds and thousands of persons participating while millions of spectators line the streets.

In small communities the Loyalty Day parades have become the outstanding event of the year. For example, noteworthy parades were held last year in Napa, Calif.; Moscow, Idaho; Griffin, Ga.; Middletown, Conn.; Ottumwa, Iowa; East Chicago, Ind.; and Eveleth, Minn. Major emphasis is placed upon participation by schoolchildren and foreign language groups, in Loyalty Day parades and other types of observance.

Since 1950 the governors of almost all States and the Territories have issued proclamations for Loyalty Day. Mayors of scores of cities have also issued Loyalty Day proclamations. It is hoped and expected that all States and Territories will issue Loyalty Day proclamations for 1955.

The Loyalty Day observance program headed by the Veterans of Foreign Wars has won successive awards for the past 4 years from Freedoms Foundation at Valley Forge, Pa. Last year Freedoms Foundation presented the VFW the Distinguished Service Award and Scroll for winning a Loyalty Day award for 4 consecutive years.

Recent national conventions of editors and publishers in Washington and New York indicate that the American press is fully cognizant of, and in accord with, the aims and objectives of Loyalty Day. This observance has received wide coverage in the press and from national radio and television commentators, as well as local stations and announcers.

There is evidence that this year, for the first time, the Ground Observer Corps of the Air Defense Command will cooperate in Loyalty Day observances in all cities where observances are held and where the Ground Observer Corps is operating. A directive has gone out from the Air Defense Command to all air defense forces commanders recommending that Ground Observer Corps exercises be held on Loyalty Day and that cooperation should be sought from other commands and from auxiliaries and associates such as the Air National Guard, Civil Air Patrol and the Flying Farmers, to have as many planes as possible routed over Ground Observer Corps observation posts.

Loyalty Day is an accomplished and growing institution. It has been recognized by all of our States and many of our cities. To make its acceptance complete it needs only recognition from the Congress for 1 year, May 1, 1955. From that point on Loyalty Day will become an established observance in the hearts and minds of the American people and will serve to deal a devastating but bloodless blow at the unthinking persons who would attempt to rally public opinion behind the false ideology of communism.

STUDY OF DISPERSAL AND RELOCATION OF CERTAIN INDUSTRIES IN CASE OF ATOMIC ATTACK

Mr. BARRETT submitted the following concurrent resolution (S. Con. Res. 19), which was referred to the Joint Committee on Atomic Energy:

Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Atomic Energy, or any duly authorized subcommittee thereof, is authorized and directed to conduct a full and complete study and investigation of means of securing dispersion and relocation of industries and facilities essential to the defense and security of the United States to locations in the interior of the country, particularly to the Rocky Mountain region, in order to reduce the vulnerability of such industries and facilities in the event of an attack upon the United States involving the use of atomic weapons. Such study and investigation shall include, but not be limited to, consideration of (1) direct action by the Government of the United States, in cooperation with the governments of the States and their local political subdivisions, to provide industrial sites, plants, and facilities in locations least vulnerable to atomic attack and (2) action by the United States, through the granting of tax incentives and otherwise, to encourage the voluntary dispersion and relocation of such industries and facilities.

SEC. 2. The joint committee shall report the results of the study and investigation conducted pursuant to this resolution, together with its recommendations, to the Senate and the House of Representatives not later than January 31, 1956.

SEC. 3. In carrying out its duties under this resolution, the joint committee is authorized to employ, on a temporary basis, such experts and consultants and such technical and clerical assistants as it deems necessary and advisable.

SEC. 4. The expenses of the joint committee under this resolution, which shall not exceed $50,000, shall be paid from the contingent fund of the Senate upon vouchers signed by the chairman.

PROPOSED ARMED SERVICES HOUSING INSURANCE ACT OF 1955—ADDITIONAL COSPONSORS OF BILL

Mr. CAPEHART. Mr. President, since the introduction of the bill (S. 1501) to amend the National Housing Act by adding a new title thereto providing additional authority for insurance of loans made for the construction of urgently needed housing for military personnel of the armed services, and pursuant to my previous request, the names of the following Senators have been added as additional cosponsors: Mr. PURTELL, Mr. SMATHERS, and Mr. JACKSON.

INCREASED COMPENSATION FOR POSTAL EMPLOYEES — AMENDMENT

Mr. BYRD submitted an amendment, intended to be proposed by him to the bill (S. 1) to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department, which was ordered to lie on the table and to be printed.

INCREASED COMPENSATION FOR CERTAIN CLASSIFIED OFFICERS AND EMPLOYEES OF THE GOVERNMENT—AMENDMENTS

Mr. BYRD submitted amendments, intended to be proposed by him to the bill (S. 67) to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT OF CIVIL AERONAUTICS ACT OF 1938—AMENDMENTS

Mr. MAGNUSON submitted an amendment, intended to be proposed by him to the bill (S. 1119) to amend the Civil Aeronautics Act of 1938, as amended, and for other purposes, which was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

Mr. MAGNUSON, by request, submitted amendments, intended to be proposed by him to Senate bill 1119, supra, which were referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

Mr. MAGNUSON. Mr. President, by request, I submit amendments, intended to be proposed by me, to Senate bill 1119, supra. The content of the amendments is controversial, to say the least. It relates to the right of entry to the air transportation business. This is a subject that should be discussed in committees and the Halls of Congress. It deals definitely with the air transportation policy, as formulated and enacted by the Congress.

At this point, I want to make it clear that I am not personally committed to either side of the issues raised by these proposals. I am submitting them, however, at this time to insure that the subject receives consideration in the Interstate and Foreign Commerce Committee, and that all parties at interest have an opportunity to present their views in that forum.

I ask unanimous consent that the amendments be printed in the RECORD, as part of my remarks.

The VICE PRESIDENT. The amendments will be received, printed, and appropriately referred; and, without objection, will be printed in the RECORD.

The amendments, submitted by Mr. MAGNUSON, by request, were referred to the Committee on Interstate and Foreign Commerce, as follows:

On page 7, strike out lines 5 and 6 and insert in lieu thereof the following:

"SEC. 12. (a) Paragraphs (a), (b), and (d) of section 2 of the Civil Aeronautics Act of 1938, as amended, are amended to read as follows:

"'(a) The encouragement and development of a competitive air transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the postal service and of the national defense.

"'(b) The regulation of air transportation in such manner as to recognize and preserve the inherent advantage of, assure the highest degree of safety in, and foster the growth and development of such transportation under sound competitive economic conditions and to improve relations between and coordinate transportation, by air carriers.

"'(d) Competition to the maximum extent consistent with the economic characteristics of the industry giving full recognition to the benefits derived from the certification of new competitive carriers in promoting the sound development of an air transportation system meeting the needs of the traveling public.'

"(b) Section 2 of such act is further amended by striking out paragraphs (e) and."

On page 8, strike out lines 21 and 22 and insert in lieu thereof the following:

"SEC. 15. (a) Section 401 of the Civil Aeronautics Act of 1938, as amended, is amended by striking out subsection (d) (1) and inserting in lieu thereof the following:

"'(d) (1) The Board shall issue a certificate authorizing the whole or any part of the transportation covered by the application unless it finds that the applicant is not fit, willing, and able to perform such transportation properly and to conform to the provisions of this act and requirements of the Board hereunder or that the public convenience and necessity will not be served thereby.'

"(b) Subsection (f) of such section 401 is amended by strik-."

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENT

Mr. PAYNE submitted an amendment, intended to be proposed by him to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

CHANGE OF REFERENCE

Mr. JACKSON. Mr. President, on January 17 administration proposals to permit two retired military officers to accept civilian positions in the Department of Justice were received in the Senate and referred to the Committee on the Judiciary.

Senate bills 1271 and 1272 were introduced on March 2 to carry out the purposes contained in the administration requests. However, these bills were referred to the Committee on Armed Services.

In addition, S. 1272 is identical with a bill reported favorably during the closing days of the last Congress by the Committee on the Judiciary.

In view of those factors, Mr. President, unanimous consent is requested that the Committee on Armed Services be discharged from the further consideration of both bills, and that they be referred to the Committee on the Judiciary.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered.

The bills were referred to the Committee on the Judiciary, as follows:

S. 1271. A bill to authorize the appointment in a civilian position in the Department of Justice of Brig. Gen. Edwin B. Howard, United States Army, retired, and for other purposes; and

S. 1272. A bill to authorize the appointment in a civilian position in the Department of Justice of Maj. Gen. Frank H. Partridge, United States Army, retired, and for other purposes.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. O'MAHONEY:

Address delivered by Senator McNAMARA at a meeting of the Friendly Sons of St. Patrick, at Providence, R. I., on March 17, 1955.

By Mr. SALTONSTALL:

Address entitled "Meeting the Communist Menace," delivered by Hon. Herbert Brownell, Jr., Attorney General of the United States, before the Greater Boston Chamber of Commerce, in Boston, Mass., on March 21, 1955.

By Mr. KEFAUVER:

Article entitled "Churchill Chides United States on Yalta Case," written by Drew Middleton, and published in the New York Times of March 23, 1955.

OPENING OF PRAYER ROOM FOR MEMBERS OF CONGRESS

Mr. MONRONEY. Mr. President, I announce that today the Prayer Room for Members of the House and Members of the Senate will be open for inspection by the Members of Congress. On Thursday, Friday, Saturday, and Sunday it will be open for inspection by the public generally, so that all may see this room, which we have provided for ourselves, for mediation and prayer.

After next Sunday, of course, the room will be reserved solely for use for the purpose for which it has been constructed. The room is just off the rotunda of the Capitol; it is the first room west from the middle of the rotunda.

GREEK INDEPENDENCE DAY

Mr. LEHMAN. Mr. President, on Friday we shall celebrate the anniversary of Greek independence from the rule of the Ottoman Empire. One hundred and thirty-four years ago, in 1821, the entire Western World was stirred by the valiant struggle for freedom waged by the liberty-loving people of Greece. The shades of ancient Greece—of Marathon and Thermopylae—were evoked as the courageous Greeks gathered to do battle for the cause of independence.

In 1821, as today, free men everywhere were aware of the great legacy inherited from the heroic achievements of the ancient Greeks. Lovers of freedom from many lands rallied to the fight for Greek independence. In the United States, President Monroe was moved to dispatch to the Congress a special message paying tribute to the Greek revolutionary forces.

In recent years, the Greek people were again required to defend their independence. As Director General of UNRRA, I was fortunately able to visit Greece in the early summer of 1945, a few weeks after the cessation of general hostilities in Europe. Although evidences of great privation and unrest, resulting from the long years of Nazi occupation, were everywhere at hand, I shall never forget my impression of the courage and determination of the Greek leaders to reconstruct and build anew their beloved homeland.

The unyielding determination to maintain and fight for freedom has marked the history of the Greek people down through the ages, to very current times.

Fortunately, the United States Government, under the leadership of former President Truman, was moved to extend economic and military aid to the Greek people in the years following World War II. That help was crucial. It saved Greece for the Greeks and for the free world.

There is one area in which the United States should do much more than it has done to help the Greek people. I refer to the need to liberalize our present immigration laws, which now cruelly and unfairly discriminate against Greece, bar the door to the admission of all but a handful of persons born in Greece. The number of persons born in Greece who can be admitted into the United States each year is the nominal figure of 308—a pitifully small quota.

Under the disgraceful national-origins quota system and the entire McCarran-Walter Act, a cold shoulder is now turned to those Greeks—and others—who should be permitted, in an orderly manner, to emigrate to the United States.

SALUTE TO GREECE

Mr. KEFAUVER. Mr. President, this morning I had the pleasure of visiting with His Grace, Bishop Athenagoras, of the New England diocese of the Greek Orthodox Church. Bishop Athenagoras, who is acting head of the church in America, delivered the invocation to the Senate today.

I invite the attention of Members of the Senate to the fact that this Friday, March 25, commemorates the 134th anniversary of Greek independence from the Ottoman Empire.

One hundred and thirty-four years ago this week, the courageous Greek people successfully lifted the yoke of Ottoman bondage that had weighed down on them since 1453. They did not gain their freedom easily, but with tremendous courage unique to all freedom-loving people and the knowledge of the successful revolutions in France and the United States before them, the Greeks kept at it, until on March 25, 1821, they announced to the world that they were a free and sovereign nation, their freedom symbolic. Greece had preached democracy to the world during the Golden Age of Greece when freedom was a byproduct of all their activities.

It seems that Greece has always fought for freedom. In ancient times they protected their advanced culture from ruin by Persian invasions. In 407, when the Goths overran Rome, Greek warriors were able to withstand the invasions of the Visigoths from the North and thereby preserve civilization until Rome was able to regain her freedom.

During World War I the Greeks protected the seas and the straits in the eastern Mediterranean, not an easy task with enemies on all sides.

In World War II, Greece had its finest hour when she successfully resisted the Fascist invasion of Mussolini and drove him back to the sea. Then Greece made the gallant stand against the Nazi invasion of Hitler, throwing off his invasion timetable and giving the Allies valuable time to prepare her defenses. Greece's noble fight against the Communist threat, after many years of torture and subjugation by the Nazis, was amazing and served as an example for other nations frightened by the successes of world communism. Again little Greece stood up to the task, and came away the victor, but not without paying a price for her victory both in the young men who lost their lives and the severe drain on a treasury already depleted by war and conquest.

Greece did not stop there. Having defeated the Communists on her own soil, Greece was willing to aid other countries in their fight. When the Korean war started, Greece was one of the first nations to send men to that cold, barren land.

Greece has always been a great friend and ally of the United States. She has always been appreciative of the aid that the United States afforded her. With this aid Greece was able to put her country on a sound financial basis after the disastrous financial plight caused by the invasions of the Nazis and the infiltration of the Communists which kept the country in a constant state of turmoil from 1940 through 1948.

America's warm regard for Greece was demonstrated on the occasion of the recent visit of King Paul and Queen Fredrika who completely captivated the American people.

To the nation that has through the centuries given to this world great elements of democracy, art, literature, science, medicine, education, philosophy, religion, and the noble spirit to fight for freedom despite the odds, to this country I say, "All honor to you and to your descendants; and may you always take pride in the glory that was Greece and the glory that is Greece today."

LETTER FROM AMERICAN LEGION DEPARTMENT COMMANDER IN FAVOR OF NATIONAL SECURITY TRAINING BILL

Mr. WILEY. Mr. President, I send to the desk the text of an important letter which I have received from James A. Martineau, department commander of the American Legion for the State of Wisconsin. Commander Martineau endorses S. 2 for a system of national security training.

The commander rightly begins his letter by stating that "it will come as no surprise" to me that the Legion is strongly advocating passage of this bill.

I have indeed been glad to hear, as I expected, from the ever alert Legion and other veterans' groups all over my State. I know that the support by the Legion of this bill is in conformity with its unbroken record of emphasizing adequate preparedness for our country.

I may say that had the Legion's general advice for overall preparedness been followed in times gone by, our beloved America would have been spared incalculable numbers of casualties in World War II and in Korea and incalculable grief.

It is an unfortunate fact that our country has never entered any of its wars adequately prepared and truly ready for emergency. Instead, we have always had to stumble along, experiencing frightful losses—in men, territory, and material—at the outset of all conflicts.

I believe that the current training bill should and will receive prompt review by the Senate and House of Representatives. There are numerous points in controversy which will definitely have to be resolved with all sides presenting their viewpoint.

While I am not a Member of the Senate Armed Services Committee, I shall be following its work closely. I hope it will be possible to have an early Senate vote on a bill, by which the young men of our Nation will be given the opportunity on a just, fair, sound basis, to bear arms in defense of their country and to be adequately prepared for whatever may come in this dangerous air-atomic age.

I ask unanimous consent that the text of Commander Martineau's letter, which represents the views of a great many Wisconsin veterans and their families, be printed at this point in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
DEPARTMENT OF WISCONSIN,
Milwaukee, Wis., March 21, 1955.

Hon. ALEXANDER WILEY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: I'm sure it will come as no surprise to you that the American Legion is again strongly advocating passage of national security training legislation. As such we earnestly support S. 2, and hope that you will vote in its favor.

National security training legislation will provide at a minimum expense a ready reserve of trained manpower without the need of a huge standing army. It will equalize the present unfair method of selecting men for the Armed Forces, and make the privilege of military service available to all young men and not merely to those chosen by lot.

Since the highest obligation of citizenship is to bear arms in defense of one's country, the American Legion feels that such obligation must be met by all young men who are physically fit, rather than a small percentage, many of whom are compelled to serve in two or more wars.

I might point out that the will of the people unquestionably is to provide for national security training. Every public opinion poll—even one taken among youths themselves—has established this fact. Thus, instead of being politically risky, it is quite apparent that, except for certain minority groups, a vote for national security training is a vote for the public's wishes.

We will anxiously await any comments on this matter that you may wish to make.

With kindest personal regards, I remain,
Sincerely yours,

JAMES A. MARTINEAU,
Department Commander.

GREGOR MACPHERSON — GRAND MASTER OF MASONS IN THE DISTRICT OF COLUMBIA

Mr. BRICKER. Mr. President, I rise at this time to call attention to one of the men with whom we are daily associated in the Senate.

All business, particularly all public business, is dependent upon the keeping of accurate records. I think the system for the reporting of debates in the Senate is the very acme of the profession. Daily, we work with the men who sit at the table before us, and daily each of us has the opportunity to observe the accuracy of their reporting and the noble service which they render; but too often we do not know their other associations and activities.

I rise at this time to pay a special tribute and express congratulations to one member of the Corps of Official Reporters of Debates who daily works with us, and for whom we have come to have great affection.

Mr. Gregor Macpherson has labored with us throughout many years. We have all come to know and respect him for his professional ability.

Many Members of this body are also members of an organization which is not only nationwide, but worldwide. It is known as the Masonic fraternity. Many of its members have given of their services with unselfish purpose throughout the years. It is an order which is dedicated to community service, to the relief of our fellow men, to charity, and to the worship of Almighty God.

Mr. Gregor Macpherson has reached the highest office in that order in the District of Columbia. The head of a local Masonic lodge is known as the master of his lodge. The head of all the lodges in the District is known as the grand master of Masons in the District of Columbia. Very recently, Mr. Macpherson was elected to the high office of grand master of Masons in the District of Columbia.

I wish to compliment Mr. Macpherson on his election to that high office. I am confident that his service will be of the same high caliber as has characterized the service rendered by the Masonic fraternity to its members and to the community generally. Believing, as it does, in the system of government under which we live, it is a most patriotic order.

I wish to express my compliments and best wishes to Mr. Macpherson for his service throughout the year in the highest office of the Masonic fraternity in the District of Columbia.

DISAPPROVAL OF SALE OF CERTAIN RUBBER-PRODUCING AND SYNTHETIC RUBBER FACILITIES IN CALIFORNIA

Mr. JOHNSON of Texas. Mr. President, pursuant to the unanimous consent agreement entered into this afternoon, I call up Senate Resolutions 78 and 79, which are to be considered jointly. Both relate to the sale of rubber plants and facilities in California.

The PRESIDING OFFICER. The Secretary will state the resolutions by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 78) disapproving the sale of certain rubber-producing facilities in California.

A resolution (S. Res. 79) disapproving the proposed sale of certain synthetic rubber facilities recommended by the Rubber Producing Facilities Disposal Commission report.

The PRESIDING OFFICER. The question is on agreeing to the resolutions.

The resolutions, respectively, are as follows:

Senate Resolution 78

Resolved, That the Senate does not favor the sale of the butadiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor, 929; and the synthetic rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

Senate Resolution 79

Whereas the Rubber Producing Facilities Disposal Act of 1953, Public Law 205, 83d Congress, provided for the disposal of the Government-owned rubber-producing facilities, pursuant to the provisions of said act; and

Whereas in the recommended sale of the butadiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor 929; and the synthetic rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, the Rubber Producing Facilities Disposal Commission has not conformed to the provisions and procedures established by the said act; and

Whereas the said purported sale by the Rubber Producing Facilities Disposal Commission was in violation of the provisions and procedures established and required by Public Law 205, 83d Congress; and

Whereas section 23 (a) of the Rubber Producing Facilities Disposal Act of 1953 provides for the introduction of this form or resolution: Now, therefore, be it

Resolved, That the Senate does not favor the sale of the buatdiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor 929, and the synthetic rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Under the unanimous-consent agreement entered into, how is the time divided on the two resolutions?

The PRESIDING OFFICER. One-half of the 4 hours will be controlled by the Senators from Minnesota, divided equally, 1 hour by each Senator from Minnesota. The remaining 2 hours will be controlled by the majority leader and the minority leader, divided equally, 1 hour by the majority leader, and 1 hour by the minority leader.

Mr. JOHNSON of Texas. That is an error, so far as the majority and the minority leader understood the purpose of the unanimous-consent agreement. I ask unanimous consent to amend the unanimous-consent agreement to provide that the time shall be controlled equally by the majority leader and the minority leader. In that way there will be no confusion.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas that the time be divided equally and controlled by the majority leader and the minority leader?

The Chair hears none, and it is so ordered.

Mr. FREAR. Mr. President——

Mr. PAYNE. How much time does the Senator from Delaware wish to have yielded to him?

Mr. FREAR. Five minutes.

Mr. PAYNE. Mr. President, in the absence of the minority leader, I yield 5 minutes to the Senator from Delaware.

Mr. FREAR. Mr. President, approximately 2 years ago, Congress passed Public Law 205, to authorize the disposal of government-owned rubber-producing facilities, and for other purposes. The law created a Disposal Commission, composed of three persons, appointed by the President. The duty of the Commission was to secure bids for as great a price as was possible consistent with other criteria in the act and to dispose of the rubber-producing plants owned by the Government.

The President appointed the three members of the Commission, the chairman of which is Mr. Holman T. Pettibone. He is a banker from Chicago, being chairman of the board of the Chicago Title & Trust Co.

Another member is Gen. Everett R. Cook, of Memphis, Tenn., a cotton merchant. The third, who is vice chairman of the Commission, is Mr. Leslie R. Rounds, a vice president of the Federal Reserve Bank of New York. The three commissioners have worked very diligently and very faithfully in entering into negotiations and securing prices for the sale of the facilities. I wish to commend the action of the commissioners and their staff, because I think, personally, they have done a very outstanding job.

Previous to the action of the Commission, when the Government has offered its synthetic rubber-producing facilities for sale, the greatest recovery value has not in any instance been 50 percent. The Commission has secured bids and entered into negotiations subject only to final approval by the Congress of the United States.

The Commission has secured bids which are in excess of 99 percent of the estimated value placed upon the facilities by very competent engineers, in contrast to previous sales for less than 50 percent of estimated value. Many of them being as low as 25 and 30 percent. I think that is a notable accomplishment. The Commission submitted a complete and detailed report to the Congress on January 24, 1955, pursuant to the Disposal Act, justifying its recommendations for the sale of 24 plants including the three involved in S. Res. 78 and S. Res. 79. That report speaks for itself. I shall not take the time of the Senate to relate the report in detail. It fully sustains the legality and wisdom of the proposed sales.

Lengthy hearings have been held by the Subcommittee on Production and Stabilization of the Banking and Currency Committee on matters covered by these resolutions, and after due consideration the committee brings to the Senate an adverse report. The vote on these two resolutions disapproving certain of the proposed sales was 10 to 5. Senate report No. 118 sets forth in detail the committee's reason for reporting adversely on these two resolutions. I respectfully refer Senators to that five-page report, which is available in this Chamber.

I may say, Mr. President, that the resolutions by themselves, if agreed to, would not permit the Government to sell or to dispose of these properties, but would put them into mothballs, so to speak, for a period of 3 years. Additional legislation would be required to offer them for resale.

Senate Resolutions 78 and 79 pertain to the proposed sale to Shell Chemical Corp. of three plants located in Los Angeles County near Torrance, Calif. They are designated by the Commission as Plancors 611, 929, and 963. These plants have been and are now producing synthetic rubber, styrene, and butadiene, respectively.

After negotiations with the Commission, the Shell Chemical Corp. made a composite bid on these 3 Plancors of $30 million. That was the highest bid. It was higher than any combination of individual bids for the sale of the three plants.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

Mr. FREAR. Mr. President, may I request 5 more minutes?

Mr. PAYNE. Mr. President, I yield to the Senator from Delaware 5 more minutes.

Mr. FREAR. Mr. President, after negotiation, the Commission secured bids of approximately $28 million on the 3 plants separately. They were from more than one corporation. The Shell Chemical Corp. offered a bid of $30 million, which is more than the total amount of any of the individual bids for the 3 Plancors.

In addition to these 3, 21 other facilities are offered for sale. I presume, a resolution, Senate Resolution 76, to follow the 2 now pending, will be offered to disapprove the sale of all the 24 plants.

It was brought out in the hearings that, technically, the sale of these 3 plants might not be in strict technical compliance with the statute which was passed 2 years ago. But on the question of the legality of the Shell bid, competent attorneys express different views on that question. It was the opinion of the majority of the members of the committee that the 3 plants in California should be sold along with the other 21, and, I may add, the committee unanimously favored offering for sale the Copolymer plant in Baytown, Tex., encompassed in Senate Resolution 691.

Mr. President, I believe the Commission has done an excellent job, and, in my opinion, the Government should sell these 3 Plancors along with the other 21.

We heard in testimony before the committee that the Government has made approximately $50 million in 1 year on the operation of this entire group of 27 Government-owned facilities. I do not know the breakdown which was given for the 3 facilities covered by the resolutions which are now before the Senate, but, no doubt, the profit made by the 3 facilities was a proportionate part of the total.

Those who oppose the sale of these plants contend that the Government is in the business, is making money, and there is no reason why the plants should be sold. But I may say to the Members of the Senate that on the $50 million the Government paid no taxes.

It has also been stated in testimony that if these plants should be sold, the present price of synthetic rubber, which is 23 cents a pound, could and probably would be raised, thus increasing the income or profit from these 3 plants. For every dollar of profit made by the proposed buyer of these plants he would be subject to Federal and State corporate income taxes, whereas under Government operation no taxes are paid to the Treasury.

I sincerely hope the Senate will reject the resolutions.

Mr. GEORGE. Mr. President, will the distinguished Senator from Delaware yield for a question?

Mr. FREAR. I yield for a question.

Mr. GEORGE. Are these intended to be outright sales, as a result of which the purchaser will take title?

Mr. FREAR. These are to be outright sales. There is, of course, a national-security clause in the agreement of purchase for the purpose of requiring the plants to be placed in full operating capacity upon request of the Government.

Mr. GEORGE. Does the Senator have a copy of a recapture clause, so that it may be seen? Will he furnish a copy of it?

Mr. FREAR. It is not a recapture clause, but is in the form of a national-security clause, I may state to the Senator from Georgia.

Mr. GEORGE. Is recapture provided for at all, either at the price when sold or at the then price?

Mr. FREAR. There is no price stated since there is no recapture clause as such.

Mr. GEORGE. Does the Senator from Delaware mean to say that these plants would be sold and title passed, and that, while, of course, the Government could condemn them again, full value would have to be paid?

Mr. FREAR. Yes.

Mr. GEORGE. Are the contracts to be of that character?

Mr. FREAR. The contracts are to be of that character, I inform the Senator.

Mr. GEORGE. I thank the Senator from Delaware.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished Senator from Arkansas [Mr. FULBRIGHT] such time as he may desire to use.

Mr. FULBRIGHT. I simply desire to say that I hold in my hand the report to Congress, which contains the national security clause. Would the Senator from Georgia like to have me read it into the RECORD?

Mr. GEORGE. I should be pleased to have the Senator place it in the RECORD.

Mr. FULBRIGHT. It is a little too long to read, but I will summarize it by saying that it provides for keeping or putting the plants in full operating condition. In case of recapture under another Federal law, the price to be paid will be what is then considered to be the fair market value; and since the price of rubber has gone up very substantially already——

Mr. GEORGE. That was the point in which I was interested.

Mr. FULBRIGHT. I think any reasonable person would say that the plants have already a substantially greater value than they had at the time the negotiations were undertaken.

Mr. President, I ask unanimous consent that the national security clause contained in the report be printed at this point in the RECORD.

There being no objection, the national security clause was ordered to be printed in the RECORD, as follows:

NATIONAL SECURITY CLAUSE

The purchaser accepts the terms, conditions, restrictions, and reservations contained in section 7 (h) of the act, and this sale is made expressly subject to, and the purchaser, for itself, its successors, and assigns, hereby agrees to purchase the facility subject to the following national security clause, which shall be effective for a period of 10 years from the time of transfer:

(a) The purchaser will maintain at all times in accordance with sound practice in the industry, normal wear and tear excepted, the facility, together with all replacements thereof and additions and improvements thereto, so that the same shall be, at all times during said 10-year period, either in a condition (1) currently to produce ______ at a rate of not less than ______ tons per year (assigned annual capacity), or (2) so that it can be placed in a condition to produce ______ at such rate of assigned annual capacity within a period of 180 days after written notice from the Government to activate the plant or to reconvert same, as the case may be: *Provided, however,* That such 180-day period shall be extended, upon written approval to the purchaser from the Government, for such additional period as shall be necessary in the event the purchaser is unable to comply therewith by reason of its inability to procure essential materials, unavailability of labor, act of God, fire, earthquake, flood, explosion, storm, strike, or other cause or causes reasonably beyond its control; and *Provided further,* That in the event of major damage to or complete destruction of the facility where the purchaser is without fault or negligence, the purchaser shall immediately notify the Government of the happening and of the cause or causes occasioning same, whereupon the Government will cause an examination to be made and will thereafter notify the purchaser promptly of the extent, if any, that restoration of the assigned annual capacity so destroyed or damaged must be made, such restoration to be effected at purchaser's expense within a reasonable period of time to be agreed upon between the purchaser and the Government. However, in any case where such restoration is so deemed necessary by the Government, the purchaser may elect to invoke the privilege of substituting new separate facilities pursuant to and in accordance with paragraph (g) or (h) of this section 24. Such restoration shall not be required in the event of major damage to or complete destruction of the facility caused directly or indirectly by (1) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending, or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval, or air forces; or (ii) by military, naval, or air forces; or (iii) by an agent of any such government, power, authority, or forces, it being understood that any discharge, explosion, or use of any weapon of war employing atomic fission or radioactive force shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority, or forces; (2) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence.

(b) The Government shall have the right to conduct an inspection or survey of the facility at any time, subject to reasonable prior written notice thereof to the purchaser, for the purpose of determining whether the purchaser is in default under this section 24.

(c) Failure to maintain the facility as required above, or failure to observe any of the other conditions of this section 24, shall give the Government the unconditional right to immediate possession and use of the facility for the purpose of restoring it to a condition to produce at the rate of such assigned annual capacity, but all cost incidental to such restoration shall be borne exclusively by the purchaser.

(d) The purchaser will not sell, lease, mortgage, or otherwise encumber the facility without expressly making such sale, lease, mortgage, or encumbrance subject to the provisions of this section 24 for the remainder of its term. It is the express intention of both the purchaser and the Commission that the covenants herein contained shall be binding on subsequent owners or occupants of the facility, and that the purchaser shall remain liable for any violations of said covenants by such subsequent owners or occupants unless the purchaser shall have been expressly released in writing from such obligation by the Government.

(e) The Government in exercising its rights and in carrying out its obligations under this section 24 shall act through such officer, department, or agency of the Government as shall be designated by duly constituted authority.

(f) During the term of this section 24, the purchaser shall preserve the "asset property records" of the operating agency as of the time of transfer and shall maintain and keep current thereafter an adequate record of the fixed assets of the facility; the purchaser shall also preserve until the expiration of said term all drawings, tracings, prints, and other documents in its possession (hereinafter called documents) pertaining to the construction, modification, maintenance, or theory and method of operation of the facility. At any time within said term, upon request of the Government, the purchaser shall make available to the Government such of the aforesaid records, documents, or any designated portion thereof as shall be essential to the Government for the purposes of paragraphs (b) and (c) of this section 24 and shall upon request from time to time furnish copies thereof to the Government at the Government's expense. The Government will maintain confidential such documents and copies thereof as the purchaser shall designate, and, to the extent requested by the purchaser, shall examine them only at the facility. The purchaser may offer to the Government any of such records and documents that it considers to be obsolete, and the purchaser will be relieved of the obligation to preserve them if the Government accepts the offer or grants permission for destruction or other disposition.

(g) The purchaser may at any time during the term of this section 24 notify the Government in writing that it desires to substitute for all or any part of the facilities originally purchased from the Government, new separate facilities of equivalent productive capacity for the production of ______ or for the production of a different product which must be at least as satisfactory, and be generally acceptable for the same general uses and purposes as ______, and, upon receiving approval in writing thereto from the Government, may proceed to effect such substitution. In such event all of the terms and provisions of this section 24 shall apply with equal force and effect to such substituted facilities and shall no longer apply to the facilities to which they applied originally.

(h) In lieu of proceeding as permitted by paragraph (g) of this section 24, the purchaser may at any time during the term of this section 24 substitute for all or any part of the facilities originally purchased from the Government, new separate facilities of equivalent productive capacity for the production of ______, or for the production of a different product which must be at least as satisfactory, and be generally acceptable for the same general uses and purposes as ______. Sixty days after written notice by the purchaser to the Government of the completion of such new separate facilities, all of the terms and provisions of this section 24 shall apply with equal force and effect to such new separate facilities and shall no longer apply to facilities for which the new separate facilities are to be substituted, unless within such 60-day period the Government notifies the purchaser in writing that it disapproves the proposed substitution, in which event the terms and provisions of this section 24 shall remain applicable to the facilities to which they applied originally.

(i) Nothing in this section 24 shall be construed as affecting obligations of the purchaser under any other provision of this agreement, except that in any case of inconsistency or ambiguity, the provisions of this section 24 shall, to the extent that they impose greater obligations on the purchaser, be deemed controlling.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the distinguished senior Senator from Minnesota.

Mr. THYE. Mr. President, I submitted Senate Resolution 78, which proposes to set aside a bid which has been made by the Shell Chemical Corp. in connection with the disposal of synthetic-rubber plants in California. The reason why I felt it necessary to offer the resolution was simply that the Minnesota Mining & Manufacturing Co. had been operating a synthetic plant in California since 1951. That company had operated a synthetic-rubber plant during the war years, and therefore had experience in this particular field.

When the bids were opened, it was found that Shell Chemical Corp. had bid a lump sum for the three plants in California. In my humble opinion, that bid was contrary to the provisions of the act itself. The act specifically states that bids shall be on individual plants. Therefore, I believed the bid of the Shell Chemical Corp. was irregular and should be set aside. I think possibly the Government would not receive the most competitive and most desirable bid by permitting bids to cover plants in a group, because small-business men or small-business establishments could not, in any sense, take part in competitive bidding on a block of plants, while they might be very strong bidders if they were permitted to bid on individual plants. That is the reason why, in my opinion, the particular bid of the Shell Chemical Corp. on the three plants in California should be rejected.

Minnesota Mining & Manufacturing Co., of Minnesota, has been in existence and doing business since 1902. It operated a synthetic-rubber plant during the war years, and has been successfully operating a plant in California, under a Government lease, since 1951. In the event the bid of Shell Oil Co. should be approved, and assuming that Shell Oil Co. saw fit to dismantle any of the three plants, thereby taking out of production and out of existence a particular synthetic-rubber plant, then, if a crisis should develop which would necessitate the reactivation of rubber plants for the national safety, any plants which had been dismantled could not be reactivated.

If Minnesota Mining & Manufacturing Co. were permitted to be a bidder on the plant it is now operating, it would be certain that that plant would continue to be operative in the event a crisis should develop in the Pacific which might possibly shut off our access to the natural-rubber supply. The United States would still be protected, because synthetic-rubber plants would be in existence in this country to furnish the rubber needs of the Nation.

These are some of the simple factors, as I recognize them, which makes undesirable the bid of the Shell Chemical Corp. on three plants located in California. I think the bid should be rejected, and that bidders should then be allowed to bid on the plants individually. If Shell Corp. desires to bid on individual plants, it can do so by bidding separately on the plants in question. If that be done, then the smaller companies of the United States likewise could bid specifically and individually on those plants. In that way there would be individual competitive bidding, which would assure the Government that the plants would be operated by the strongest and most desirable bidders; and certainly a plant which the Government might well want to have continue in operation for the security of the country, in the event a crisis in the world were such that our natural-rubber supply were cut off, would not become unavailable but would be ready for use.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. THYE. I yield.

Mr. LANGER. I wish to associate myself with the thoughts of the distinguished Senator from Minnesota. I think he is absolutely correct. I should like to ask him how it happened that these plants were offered for sale in a group rather than individually. Does the Senator know?

Mr. THYE. I cannot state why they were offered for sale in a group. I simply say that the bidder specified in his bid the 3 plants located in California, and lumped the amount in the bid to cover all 3 plants.

Mr. LANGER. When the distinguished Senator was Governor of Minnesota, did not his State sell tracts of land for mining purposes individually?

Mr. THYE. The State did not sell the land; it entered into leases for certain mineral deposits in the iron ore region. Those tracts were leased to the highest bidder, but the State was not in the business of selling land. The land was leased to the highest bidder, yes.

Mr. LANGER. When I was Governor of North Dakota, the State sold hundreds and hundreds of farms. Those farms were not sold in any other way than as individual sales.

I think the Senator is so right about the matter of the sale of the synthetic-rubber plants that if the people of the United States really understood exactly what was intended to be "put over" on them, they would not like it.

Mr. THYE. I am speaking on controlled time; therefore, I do not wish to yield to other Senators on my time. I have made my primary statement on the question, and I believe I have used most of the 10 minutes which were allotted to me.

Mr. FREAR. Mr. President, if the Senator from Minnesota has time remaining, will he yield?

Mr. THYE. If the Senator from Delaware wishes to ask me a question, I hope he will ask it on his own time, because he has time on which he can draw. I have only a limited time which has been allotted to me.

Mr. FREAR. Mr. President, will the Senator from Maine [Mr. PAYNE] yield 2 minutes to me, so that I may ask the Senator from Minnesota some questions?

Mr. LANGER. I do not know if the Senator from Maine has any time to yield or not, but I yield 2 minutes of my time.

The PRESIDING OFFICER. The Chair advises the Senator from North Dakota that he does not have time to yield.

Mr. FREAR. I should like to ask the Senator from Minnesota if all who cared to bid were not given the opportunity to bid on these three plants individually?

Mr. THYE. There is no question that they were given an opportunity to bid individually. What we are confronted with is that 1 company bid on 3 plants. It bid for them in a lump sum, and no administrator can determine whether so much was bid on 1 plant and so much on another. Therefore every other corporation is foreclosed from bidding on those 3 plants individually.

Mr. FREAR. I hope the Senator from Minnesota will not take too long in his answers, because I have a few more questions to ask him.

Mr. THYE. Very well. I shall be glad to let the Senator proceed.

Mr. FREAR. Is it not true that there were two other companies, or a combination of companies, in addition to Shell, which bid on all 3 plants collectively?

Mr. THYE. I would not endeavor to answer that question. I was not a member of the committee. The Senator from Delaware [Mr. FREAR] was subcommittee chairman and he has all the information at hand. He can very well advise the Senate of the facts because he was the chairman of the subcommittee.

Mr. FREAR. I should like to ask one final question. I realize that the committee reports and minority views on these resolutions have been in the hands of Senators only a few minutes, but I should like to ask the Senator if the Comptroller General did or did not say that the Commission's proposal was interpreted as offering to pay zero for each facility separately, and complied with the statute, even though it was a combination plant bid?

Mr. THYE. The Comptroller General may have so held, but I believe it was the intent of Congress, as can be seen if one reads the law, to have individual bids. That is the manner in which the bids should be considered and submitted, in my opinion. That is why I offered the resolution.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The 2 minutes yielded to the Senator from Delaware have expired.

Mr. DANIEL. Mr. President, will the Senator from Minnesota yield?

Mr. THYE. I have no time remaining to me.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Minnesota such time as he may desire.

Mr. THYE. I yield to the junior Senator from Texas [Mr. DANIEL].

Mr. DANIEL. Is it not true that bidders on other plants interpreted the law which the Congress passed as the Senator from Minnesota has interpreted it, namely, that there were to be separate bids for each individual plant?

Mr. THYE. That is correct.

Mr. DANIEL. Is it not true that all the other bids accepted by the Commission were made separately on each individual plant?

Mr. THYE. That is my contention, and that is why I submitted the resolution. I learned that the Minnesota Mining & Manufacturing Co., a very honorable business corporation of Minnesota, which has an excellent record of serving the Nation's needs during the war period, desired to bid on the plant which they have been operating ever since 1951. When the bids were opened, it was disclosed that the Shell Chemical Corp. had made a bid on all three of the plants, thereby foreclosing any other bid. No other bids were considered. That was contrary to the intent of Congress when it passed the original bill.

I have two other specific reasons in mind for presenting the resolution proposing to set the bid aside. One is that we should keep these plants in the hands of individual business corporations so far as it is possible to do so, for the reason that the plants should serve the Nation's economy. Secondly, we would be certain that an individual corporation which operated the plant since 1951, would continue to operate it, whereas if a corporation were successful in obtaining all 3 plants under contract, it might decide to dismantle 1 plant, and thereby not be able to help protect the national safety in the event of a crisis. If one of the synthetic rubber plants were abandoned, it would not be in existence to contribute to the production of synthetic rubber to meet the Nation's needs if the rubber supply were to be shut off in the Pacific.

It is for that reason that the Congress should concern itself with the question whether a large corporation should be permitted to make a lump-sum bid that would foreclose smaller corporations from an opportunity of bidding on the plants. If the sale of the Shell Corp. should be approved, certainly the Minnesota Mining & Manufacturing Co., which has operated one of the plants since 1951, would be forced to see another company take possession of the plant, unless the Minnesota Mining & Manufacturing Co. should negotiate a bid out of its own profits, or enter into a lease at the other company's pleasure.

Mr. DANIEL. Will the Senator from Minnesota yield further at that point?

Mr. THYE. I yield.

Mr. DANIEL. I simply wish to say that I agree with the interpretation of the Senator from Minnesota. It seems to me clear from the wording of the law that Congress intended that there should be separate bids on each plant.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. THYE. I am delighted to yield to the Senator from Texas.

Mr. JOHNSON of Texas. I agree with the understanding stated by the distinguished Senator from Minnesota. When the bill was before the Senate for action, the Senate was assured by the Senator from Indiana [Mr. CAPEHART], who was sponsoring the bill, that the sales would be made on a plant-by-plant basis.

Mr. THYE. That understanding was a part of the debate and the colloquy which took place on the Senate floor at the time there was under consideration the bill which proposed how the synthetic rubber plants would be disposed of.

Mr. JOHNSON of Texas. Will the Senator yield further?

Mr. THYE. Yes.

Mr. JOHNSON of Texas. At this point I should like to read from the colloquy which took place on the floor of the Senate while the Rubber Facilities Disposal Act of 1952 was under consideration:

> Mr. JOHNSON of Colorado. I wish to ask whether all the plants, other than the alcohol butadiene plants, will be sold in a single package, or whether they will be sold plant by plant on bids on a plant-by-plant basis.
>
> Mr. CAPEHART. They will be sold on the basis of plant-by-plant proposals, and the sales will be made plant by plant.

I ask the Senator, Has that been done in this instance?

Mr. THYE. It was not done, and it was for that reason that I submitted the resolution proposing to set aside the Shell company's bid on the three plants.

Mr. JOHNSON of Texas. I commend the Senator's position. I think the bid should be set aside. I think it represents a breach of faith with the Congress. When the Senate is told and assured by the Senator in charge of the proposed legislation that each plant will be sold on a plant-by-plant basis, and then a Commission located downtown sells three plants in one package, I think Congress has the right and the duty to disapprove such action. I hope it will do so. I commend the Senator for the action he has taken in the matter.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. THYE. I am glad to yield to the Senator from Delaware.

Mr. FREAR. In reference to the statement just made by the Senator from Texas, the Senator from Indiana [Mr. CAPEHART] is not on the floor at this time. When he made the statement quoted, he meant that the 27 plants would not be sold as a package, not the 3 plants in California.

Mr. THYE. Mr. President, I was on the Senate floor at the time the question was debated, and at that time I thought, without a question, we were referring to individual plants, and individual plants being considered in bidding.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. THYE. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. I am not going to attempt to search the mind and heart of the Senator from Indiana in his absence, as apparently my friend from Delaware chooses to do. I do not know what the Senator meant. I do know what the Senator said. I have just read into the RECORD what he said.

If I may, and if the Senator will indulge me for that purpose, I wish to read into the RECORD the colloquy between the Senator from Indiana, the author of the bill in the Senate, and Mr. McCurdy, president of the Shell Co., before the subcommittee of which the distinguished Senator from Delaware was chairman. I assume the Senator from Delaware heard this. It may shed some light on the question:

> Senator CAPEHART. But the rules and regulations and law said that you must bid on each individual plant.

Who is saying that? The Senator from Indiana [Mr. CAPEHART]. Where did he say it? He said it before the subcommittee of which the Senator from Delaware was chairman.

> Mr. McCURDY. Well, Senator CAPEHART, our legal counsel do not believe that.

Whose legal counsel? The Shell Chemical Corp.'s, which make the package bid.

> Those for the Commission do not believe that. And those for the Comptroller General do not believe that.

While we are talking about the Senator from Indiana [Mr. CAPEHART], I invite the Senator's attention to this opinion:

> I was the author of the bill, and I believe it. I so gave my word on the floor of the United States Senate. Now, I do not mind telling you right now that that was my understanding then—

When the bill was passed—

> and it is my understanding now.

Mr. President, I do not think there is any question that that is what the Senate thought. I know I thought so, and I think every other Senator thought so. I would not presume to reflect upon the Senate by suggesting that it would ever pass a bill which meant all these plants should be sold on other than a plant-by-plant basis. If we now take action to the contrary, we shall be setting a precedent with which we shall have to live. If we allow the Shell Chemical Corp. to bid, not on a plant-by-plant basis, but on a lump-sum basis, we shall be doing several things. First, we shall prevent the small bidders from having a chance to bid on the plants on a plant-by-plant basis. In addition, we shall be giving one concern a place in that monopolistic picture; and those of us who have had some dealings with the synthetic rubber plants, such as has the able

Senator from Oregon [Mr. MORSE], know that a relatively few companies control all the synthetic rubber manufacturing facilities in the United States.

Mr. President, I do not want by my action to have a part in reversing the stand the Senate has already taken. It is one thing for a Senator to vote for a bill providing that a commission shall make a study and shall solicit bids on a plant-by-plant basis and shall make to Congress recommendations upon which Congress can act. It is another thing to embrace, put our arms around, approve, and stamp our seal of approval on a bid which involves three plants.

I think the constituents of the Senator from Minnesota have been mistreated; I think they have been done an injustice. I know how I would feel if, after the bill was passed with the understanding that the sale of the plants would be handled on a plant-by-plant basis, on the final day the statement were to be made, "No; we are going to sell all three of them together."

I think every company that submitted bids for the plants, submitted them on a plant-by-plant basis.

Mr. FREAR. No, that is not correct.

Mr. JOHNSON of Texas. If it is not correct, I should like to have the Senator from Delaware correct it.

Mr. FREAR. The Dow Chemical Co. and National Lead Co. did not.

Mr. JOHNSON of Texas. How many plants were proposed to be sold?

Mr. FREAR. Twenty-four.

Mr. JOHNSON of Texas. How many were on a plant-by-plant basis?

Mr. FREAR. To the successful bidder?

Mr. JOHNSON of Texas. Yes.

Mr. FREAR. Twenty-three.

Mr. JOHNSON of Texas. That is the exact statement I intended to make.

It is my understanding that every successful proposal to purchase the 24 plants is broken down on a plant-by-plant basis, except in the case of the Shell Co.

Mr. FREAR. Every successful proposal; that is correct.

Mr. JOHNSON of Texas. When the bill was under consideration, did the Senator from Delaware understand that under it, it would be possible to sell all these plants to one company?

Mr. FREAR. All three plants?

Mr. JOHNSON of Texas. No, all 27.

Mr. FREAR. No; and I still do not think so.

Mr. JOHNSON of Texas. Then where would the Senator from Delaware draw the line? They are either to be sold on a plant-by-plant basis or they are to be sold en bloc. If 3 of the plants can be sold together, 26 of them can be sold together.

Mr. FREAR. Does the Senator from Texas contend that 3 plants are 24 plants?

Mr. JOHNSON of Texas. No; but once the assurance that has been given—namely, that the plants will be sold on a plant-by-plant basis—is violated, and 3 of the plants are sold to 1 concern, there is nothing to prevent the selling of 6 plants to another concern.

Mr. FREAR. If 1 of the 3 plants was in California and 1 was in Texas and 1 was in Ohio, I think the contention of the Senator from Texas might have better backing, than in the case of the 3 plants we are discussing now. In this case, 3 plants are located across the street from each other, and all 3 of them constitute an integral unit in the production of synthetic rubber.

Let me ask a question of the Senator from Texas: Is not the proposed bid for the 3 plants higher than the total of individual bids for the 3 plants, both after negotiation and before negotiation?

Mr. JOHNSON of Texas. But let me point out that if this very unusual and unique proposal—contrary to the assurance we were given—is approved, I do not know what we can do about similar proposals in regard to some of the other plants. My information was that the bids would be taken on a plant-by-plant basis. That assurance was given to us. However, my understanding is that that has not been done.

Mr. FREAR. The Senator from Texas will recall that when the bill creating the Commission was before the Senate, approximately 1 year ago, there was colloquy between the Senator from Indiana [Mr. CAPEHART] and the then Senator Johnson of Colorado. I think the question asked by the Senator from Colorado, in response to which the answers were given by the Senator from Indiana, are significant in connection with the consideration of this matter at this time. The then Senator from Colorado was comparing a package sale of 27 plants originally offered for sale with a sale on a plant-by-plant basis. The sales actually recommended are not on a package basis for 24 plants recommended for sale; they are much closer to plant-by-plant disposals.

Mr. PAYNE. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The Senator from Maine is recognized for 2 minutes.

Mr. PAYNE. Mr. President, in connection with the matter now under consideration by the Senate, I think the record should be perfectly clear in one respect, namely, whether the decision which is reached and the action taken by the Commission, were legal and in keeping with the law as enacted by the Congress.

I assure the distinguished majority leader that I, too, listened to the debate on the floor of the Senate last year, when the question was before us; and I, too, was concerned as to the meaning of the term "individual plant bids."

During the course of the proceedings of the Banking and Currency Committee, of which I am a member, I raised a question as to whether the proposal submitted by the Shell Chemical Corp., which was approved by the Disposal Commission, was legal and in keeping with the intent and purpose of the law. I was referred to the fact that the Comptroller General's Office had been requested to make a ruling on that point, and that that office—which, after all, is the agency which passes on the validity of the compliance with the acts passed by the Congress—gave an opinion to the effect that the proposal of the Shell Corp. was legal and was in keeping with the intent of the law as passed by the Congress.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Maine yield to me?

Mr. PAYNE. I am very happy to yield to the distinguished Senator from Texas.

Mr. JOHNSON of Texas. Does the Senator from Maine think the Comptroller General is in a better position to interpret the intent of Congress than the chairman of the committee who handled the bill, namely, the Senator from Indiana [Mr. CAPEHART]? He has assured the Congress, both then and now, that he thought the plants had to be sold on a plant-by-plant basis.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. PAYNE. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized for 2 more minutes.

Mr. PAYNE. Of course, Mr. President, I cannot speak for the Senator from Indiana [Mr. CAPEHART], any more than can the Senator from Texas, who just said that he cannot, either. But I have sent word for the Senator from Indiana to come to the floor, if he can be located, in order that he may speak for himself on this particular question.

The Senator from Delaware [Mr. FREAR] has raised a point to the effect that the particular plants under discussion—namely, the three plants in California—are really an integral setup.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Maine yield to me at this point?

Mr. PAYNE. Yes, I am glad to yield to the senior Senator from Texas.

Mr. JOHNSON of Texas. Was that the testimony of the Chairman of the Commission? Did he say there was 1 plant or that there were 3 plants or 4 plants?

Mr. PAYNE. Is the Senator from Texas referring to the statement made last year?

Mr. JOHNSON of Texas. I am referring to the statement made by the Chairman of the Commission before the Senator's committee. My understanding is that he testified that there is more than one plant.

Mr. PAYNE. I suggest that the chairman of the subcommittee might be better able to answer that question, because of the fact that I do not happen to be a member of that subcommittee.

Mr. FREAR. I did not hear the question.

Mr. JOHNSON of Texas. Did the Chairman of the Disposal Commission testify that there was more than one plant involved in the sale to the Shell Corp.?

Mr. FREAR. As to facilities, he said they were linked together for operating purposes, but there were three separate plants.

Mr. JOHNSON of Texas. I thank the Senator for finally answering my question. I hope the Senator from Maine will take notice of that answer.

Mr. President, I do not propose to search what the Senator from Indiana [Mr. CAPEHART] meant when he made the statement I am about to read.

Mr. PAYNE. I think he can best speak for himself.

Mr. JOHNSON of Texas. The then Senator from Colorado, Mr. Johnson, asked this question:

Senator JOHNSON of Colorado. I wish to ask whether all the plants, other than the three alcohol butadiene plants, will be sold in a single package, or whether they will be sold plant by plant, on bids on a plant-by-plant basis.

That question is pretty clear. It was asked by the distinguished present Governor of Colorado, the former senior Senator from Colorado, Mr. Edwin Johnson.

This is the reply of the Senator from Indiana [Mr. CAPEHART] in answer to that question:

They will be sold on the basis of plant-by-plant proposals; and the sales will be made plant by plant.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. PAYNE. I yield such time as may be necessary to complete the discussion.

Mr. JOHNSON of Texas. It seems to me that is a statement which Congress should take at its face value, and I so take it.

Only last week before the committee the Senator from Indiana said:

I was the author of the bill and I believe it. I gave my word on the floor of the Senate. Now, I do not mind telling you right now that was my understanding then and it is my understanding now.

The only point the Senator from Texas desires to make is that the chairman of the committee gave us that assurance. Perhaps we ourselves could better pass upon what we intended to do than could someone downtown.

Mr. PAYNE. I think the distinguished Senator from Texas will agree that someone in the Comptroller General's office will have to be the one who, in the final analysis, determines the validity of the transaction which takes place.

Mr. JOHNSON of Texas. I think we can determine it very shortly, when the time shall have expired, according to our own conscience and judgment. That is the purpose of these resolutions.

Mr. PAYNE. That is correct.

Mr. FREAR. Mr. President, I should like to say to the Senator from Maine, and for the attention of the Senator from Texas, that on page 8A of the Rubber Producing Facilities Disposal Commission report, there is found the following language:

(b) Proposals shall be in writing, and shall contain, among other things:

2. The facility or facilities which are proposed to be purchased and the order of preference, if more than 1 facility is proposed to be purchased; or the order of preference if proposals are submitted on more than 1 facility, if only 1 facility is proposed to be purchased.

Authority was given to the Commission to accept proposals for more than 1 plant. They could sell a combination of plants as an economic operating facility. Is not that true?

Mr. JOHNSON of Texas. Does the Senator contend that the bids did not have to be separate?

Mr. FREAR. The Senator from Delaware is contending that the Commission's proposal to sell the 3 plants near Torrance, Calif., as 1 facility, as a combination of the 3 plants, is a bonafide action, and that they should be sold.

Mr. JOHNSON of Texas. The Senator from Texas so frequently finds himself in agreement with the Senator from Delaware that he deeply regrets, in the light of the assurances given the Congress, that he does not believe that to be the case.

Mr. FREAR. I assure the Senator from Texas that politically I am known as a Democrat, but in the sale of the plants, I do not wish to be known as a technocrat.

Mr. PAYNE. Mr. President, will the Senator from Delaware yield for a moment?

Mr. FREAR. The Senator from Maine has control of the time.

Mr. PAYNE. I have yielded such time as may be necessary.

I wish to ask the Senator from Delaware whether or not, after these bids were received, the Rubber Commission then entered into negotiations to see to it that the best interests of the public were protected, and that the interests of the Government were protected, in obtaining the largest price possible for the units involved in this case?

Mr. FREAR. The Senator is quite correct. The Commission entered into negotiations not only with the successful bidder, but with other bidders.

Mr. PAYNE. With every other bidder.

Mr. FREAR. Yes.

Mr. PAYNE In order to see whether they would come forth with a combination, or with 3 separate bids by 3 separate individuals, which would top the figure already received; or whether any one of them was willing to take the 3 plants together and submit a bid which would top the other bids.

Mr. FREAR. The Senator is entirely correct.

Mr. PAYNE. If my memory is correct, I think they were between $4 million and $6 million short of the proposal which had been made by the Shell Corp. for the combined plants.

Mr. FREAR. The final proposal by Shell Chemical Corp. was $30 million. The combination of the others, after negotiation, was $28 million. The original bid by the Shell Corp. was $27 million. After negotiation it went to $30 million. The total of the previous highest bids, without negotiation, for the 3 plants, was about $24 million.

Mr. PAYNE. There was an original difference of $6 million between the Shell bid and the best proposal the Commission could get from any of the concerns individually, or the concerns individually, working collectively toward a total figure.

Mr. FREAR. Originally.

Mr. PAYNE. In the final analysis, what was the difference?

Mr. FREAR. In the final analysis the difference was $2 million.

Mr. PAYNE. In the final analysis it was $2 million.

Mr. FREAR. Yes.

Mr. PAYNE. So the Government is better off by $2 million under this proposal for the sale of the plants than it would have been under any other proposal which was before it to entertain.

Mr. FREAR. Yes. I may say to the Senator that the Congress provided criteria to guide the Commission. Under those criteria the Commission was to accept the proposals which were in the best interests of the Government, and which would return to the Government the most for its own investment consistent with the other requirements of the act; and certainly $30 million is superior to $28 million.

Mr. JOHNSON of Texas. Mr. President, I yield 15 minutes to the distinguished Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, when I look at the Senator from Texas I am looking at a man who, as chairman of the Preparedness Subcommittee of the Committee on Armed Services, back in 1946 and thereafter, saved the American taxpayers, through the work of that subcommittee, a minimum of $2 billion, in connection with the rubber program which was considered by the Armed Services Committee.

We had to fight the battle then to protect the taxpayers of the United States from the attempt on the part of great monopolistic combines to steal property of great value from the American people. I serve notice on the American taxpayers from this desk today that they are about to be robbed again if the pending resolutions are rejected and the sale to the Shell Chemical Corp. is thereby affirmed.

Unfortunately, because of the language of the original legislation we find ourselves in a rather difficult remedial position with respect to protecting the taxpayers. We can now see the unwisdom of certain sections of that legislation.

We have been maneuvered into a parliamentary position whereby we are limited in much the same fashion as when we have a conference report before us. We either adopt it in its entirety or reject it in its entirety.

The reason I shall speak at greater length this afternoon in connection with my own resolution is that I think we ought to reject the sale in its entirety so that new negotiations may be consummated and these plants can be sold in the public interest.

I wish to dwell momentarily on some of the discussion concerning the law in regard to the sale of these plants to the Shell Chemical Corp.

The comments of the Senator from Maine [Mr. PAYNE] to the effect that the Comptroller General, the Department of Justice, and other legal advisers of the administration have approved this sale do not make it legal, so far as I am concerned. I am satisfied that this is an illegal sale, and it is an illegal sale in my judgment, because the Shell Corp. did not meet the requirement of the law—that bids should be made on a plant-by-plant basis. It was required by the law, I submit, that bids be made for each plant separately.

The Senator from Indiana [Mr. CAPEHART] was quite correct in his statement on the floor of the Senate while the original legislation was before us and the question was put to him by former Senator Johnson of Colorado as to whether or not the law would require a sale, plant by plant, when he said it would.

The other day in committee, he stated his position, and that position cannot be erased from the record, as the Senator from Texas has pointed out. At page 230 of the hearings I quote what the Senator from Indiana had to say about it:

Senator CAPEHART. But the rules and regulations and the law said that you must bid on each individual plant.

The spokesman for the Shell Chemical Corp., Mr. McCurdy, said:

Well, Senator CAPEHART, our legal counsel do not believe that. Those for the Commission do not believe that. And those for the Comptroller General do not believe that.

The author of the bill, the chairman of the committee at the time the bill was passed by the Senate, and the Senator in charge of the bill on the floor of the Senate, and who expressed the intent of the committee and of the bill said:

Senator CAPEHART. I was the author of the bill and I believe it. I so gave my word on the floor of the United States Senate. Now, I do not mind telling you right now that was my understanding then and it is my understanding now.

The Senator from Indiana is right about that.

Let us look at the policy of the Commission. When the Commission undertook to call for bids, it had the same understanding. It called for bids on a plant-by-plant basis. It called for bids on each one of the plants in California. When the Shell Chemical Corp. did not offer a bid on a plant-by-plant basis, what did the Commission do? It asked Shell to bid that way. What else did the Commission do? It gave each one of those plants an individual number. It prescribed separate specifications by number for each one of those plants. It made perfectly clear that at that time the policy of the Commission was to call for bids plant by plant.

In our minority views, at page 11, we say:

A most forceful argument for setting aside the proposed sale to the Shell Chemical Corp. (hereinafter referred to as "Shell") is that the requirements of the Disposal Act were not observed in the proposal submitted by Shell to the Disposal Commission.

Section 7 (b) of the Disposal Act plainly states: "Proposals shall be in writing, and shall contain, among other things * * * (4) the amount proposed to be paid for each of the facilities, * * *."

The proposal submitted by Shell failed to observe this requirement. Shell's initial proposal was to purchase the three plants for $27 million. Negotiations raised this to $30 million, for which the Disposal Commission proposes to sell all three of these plants to Shell. The proposal made no attempt to conform to the statutory requirement that the proposal specify the amount proposed to be paid for each of the facilities. In its proposal Shell stated:

"We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities."

The Shell Corp., in submitting its bid, recognized these were not individual plants. It knew what it was bidding on. It knew it was submitting a package bid. It knew it was not bidding on 1 plant, or 1 facility, but on 3 plants combined.

I say the law is not met by that bid. I care not what the Attorney General of the United States may say about it. We happen to have a responsibility to satisfy ourselves with respect to the legislative intent and the meaning of the statute. We cannot justify substituting the opinion of the Attorney General for our opinion.

It is our legislative duty to make certain that the law is carried out in accordance with the legislative intent of the Senate at the time that it passed the bill which became the law. That legislative intent was made crystal clear by the Senator from Indiana. Senators relied upon his representation.

Now we have before us a proposal to sell, but not on the basis of plant by plant. The company itself frankly admitted that it did not want to bid on the basis of plant by plant.

In the minority views we say:

The Disposal Commission and Shell both testified that the Commission requested Shell to break down its proposed purchase price so that a portion thereof would be identified with each of the three plants. Shell declined to do so. In other words, Shell did not choose to abide by the statutory requirements quoted above.

Mr. President, while I am on that point I wish to correct what I believe is a matter that needs correction. The record as it now stands leaves the impression that it would have been impossible for the Government to get more than $30 million for the three combined facilities if the Commission had not in the first instance followed the course of calling for package bids.

I refer Senators to page 19 of the report on Calendar Nos. 118 and 119, Report No. 118. It quotes Mr. Edwin W. Pauley, one of the unsuccessful bidders on one of the plants:

I am confident that I, my associates, and others, will bid for the three plants a sum exceeding the Shell Chemical Corp.'s illegal lump-sum package proposal.

In other words, they are satisfied that it was an illegal bid. If new bids are called for, I am satisfied the Government will get more than $30 million.

The point I wish to make is that we have no right to accept this bid in view of the fact that the Shell Corp. deliberately and knowingly and intentionally refused to bid on a plant-by-plant basis.

Mr. HUMPHREY and Mr. FREAR addressed the Chair.

Mr. MORSE. I first yield to the Senator from Minnesota; then I shall yield to the Senator from Delaware.

Mr. HUMPHREY. I wish to say that the Senator from Oregon has clarified in part the point I wished to make. While it is perfectly true that the aggregate sum of money to be realized from the sale of facilities is important, the most important aspect is whether there is compliance with the law.

Mr. MORSE. That is correct.

Mr. HUMPHREY. The second important point is whether, in complying with the law, a competitive situation within the rubber industry is maintained.

Mr. MORSE. I am coming to that. I shall deal with it at some length this afternoon in speaking on my resolution.

Mr. HUMPHREY. Is it not true that the Shell Corp.'s bid completely ignores the law and the competitive situation?

Mr. MORSE. That is my argument.

Mr. HUMPHREY. In the view of the junior Senator from Minnesota the argument of the Senator from Oregon is not only cogent and logical, but is also based upon the legal premise accepted by the Senate. I submit to the Senator from Oregon that failure on the part of the Senate to repudiate the disposal agreement would be a breach of faith with the understanding which was reached and the pledge which was given to 96 Senators when the disposal act was considered.

Mr. MORSE. Let me say to the Senator from Minnesota that the argument I am now making is the argument of the Senator from Minnesota in his letter to the committee which I offered in the committee on his behalf. It is in opposition to the sale to Shell, because, as the Senator from Minnesota pointed out in support of his own resolution, it was a proposal for an illegal sale since it did not meet all the requirements of the statute.

I now yield to the Senator from Delaware.

Mr. FREAR. Mr. President, I should like to ask the Senator from Oregon if it is not true that during the negotiations the Commission did go to the bidders on each of the three individual plants to which he has referred, after the original bid of May 1, 1954.

Mr. MORSE. That is the next point I wish to develop. I am glad the Senator from Delaware has raised it by way of introduction. Let me say that negotiations following the consideration of an illegal bid were nothing but waste motion on the part of the Commission. It is not possible to justify a sale based upon negotiations with a company flowing from an illegal bid. The primary requirement of the law is that the bids shall be on a plant-by-plant basis. When the rubber commission proceeded to negotiate with Shell after the Commission had received an illegal bid, the negotiation was in a vacuum. The Commission had no right to negotiate with Shell on the basis of an illegal bid.

Under the law the first requirement that should have been enforced was that Shell comply with the law. When the Commission sat down with Shell, all it was doing was sitting down with an outlaw. The Commission was negotiating with an outlaw. It was negotiating with a company which had never met the requirements of the law. What kind of face-saving argument is it for the Commission now to say, "Oh, but we took their package bid, and then we proceeded to negotiate with them, and we got them up from $27 million to $30 million on the three plants combined"? The Commission never did get a bid on a plant-by-plant basis.

Mr. FREAR. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. FREAR. The Senator says that the Shell bid was an illegal bid. Were there any lawful bids, in the Senator's opinion, which included the three plants?

Mr. MORSE. Any bid on a package basis was an illegal bid.

Mr. FREAR. That is not what I asked the Senator.

Mr. MORSE. I understood that was the Senator's question. What is the Senator's question?

Mr. FREAR. The Senator said the bid was illegal because it was on the three plants.

Mr. MORSE. That is correct.

Mr. FREAR. Will the Senator tell me whether there are any legal bids with reference to the three plants, not as a package bid, but individually?

Mr. MORSE. Whenever there was a bid on a plant-by-plant basis it was a legal bid.

Mr. FREAR. Was there any one company which bid on all three of the plants, on an individual basis?

Mr. MORSE. I do not recall from the record. It is irrelevant to my argument.

Mr. FREAR. It is not irrelevant to my question.

Mr. MORSE. Maybe the Senator's question is irrelevant. Let us hear it again.

Mr. FREAR. It was whether a company which bid on the plants individually was making a legal bid. Would the Senator consider it a legal bid?

Mr. MORSE. Each and every company that bid on the plants individually complied with the statute, and the bids were legal.

Mr. FREAR. Is it not true, may I ask the Senator, that the Commission did negotiate with a legal bidder in one case, namely the Standard Oil Co. of California?

Mr. MORSE. If that company made an individual bid and the Commission negotiated with the company, then it negotiated with a legal bidder.

Mr. FREAR. Then the Commission did not show any partiality in negotiating with Shell. It negotiated with other companies as well.

Mr. MORSE. The Commission sold or proposed to sell to Shell. Shell did not even get in under the legal tent.

Mr. FREAR. May I ask the Senator another question?

Mr. MORSE. Certainly.

Mr. FREAR. What would have happened had Standard Oil of California, in the process of negotiation, made a bid higher than the Shell bid?

Mr. MORSE. I do not know what would have happened. Does the Senator from Delaware know?

Mr. FREAR. Yes.

Mr. MORSE. What would have happened?

Mr. FREAR. I assume the Commission would have recommended the sale to the highest bidder, as long as the other requirements of the act were met.

Mr. MORSE. It was under no requirement to do so. This part of my argument goes to a question of the law, and I do not intend to join the Senator from Delaware in speculation as to what the Rubber Plant Disposal Commission might have done. I direct attention only to what it did do. It negotiated with a company which, under the law, never made a legal bid.

Mr. FREAR. But it also negotiated with companies which did make a legal bid.

Mr. MORSE. What has that got to do with Shell? Nothing. The business before the Senate is a resolution which would set aside a sale to Shell, and my argument is that they never complied with the law.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. HUMPHREY. Mr. President, I yield 15 minutes additional time to the Senator from Oregon, and will yield more time if he needs it.

Mr. FREAR. May I ask the Senator from Oregon one more question?

Mr. MORSE. Certainly.

Mr. FREAR. I think the Senator from Oregon said the negotiation with Shell was illegal. Does he think the Commission's negotiation with the Standard Oil of California was illegal?

Mr. MORSE. Not if its bid was on a plant-by-plant basis. But it has nothing to do with the question which is before the Senate. The question is whether we are going to put our stamp of approval on what I consider to be an illegal sale to Shell.

Mr. HUMPHREY. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I gladly yield to the Senator from Minnesota.

Mr. HUMPHREY. It appears to me that the Rubber Plants Disposal Commission has compounded a felony. On the one hand, it had some legal bids, but, apparently, it must have set them aside in order to enter into illegal negotiations.

Mr. FREAR. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. FREAR. If I may disagree with my friend from Minnesota, the Commission thought that Shell's bid was a legal bid.

Mr. HUMPHREY. Whether they thought so or not, ignorance of the law is not a defense. If the Commission did not know the law it should have secured the services of an attorney who did know the law. Or the commissioners could have read the record, which is precise. It was developed in the Banking and Currency Committee. Ignorance of the law is hardly a defense for the Rubber Plants Disposal Commission.

Mr. FREAR. I respectfully submit that the Commission did have legal counsel and took advice of their legal counsel. I may be in disagreement with the Senator from Minnesota and the Senator from Oregon, but I think the Commission took the advice of competent legal counsel.

Mr. HUMPHREY. I know the Senator from Delaware holds his views very sincerely, but I ask him to read the law, not what some attorney said who may not have understood the law or was trying to find a trick way to get around it.

Section 7 (b) of the Disposal Act plainly states:

> The proposals shall be in writing and shall contain, among other things, the amount proposed to be paid for each of the facilities.

We do not need a lawyer to explain that language. We need only to have someone who can read and who has commonsense. Maybe it would have been better if the Commission had not had a lawyer in that situation.

Mr. MORSE. Mr. President, if the Senators will permit me, I shall finish my argument. I have been in enough of these Donnybrooks to know that I shall never finish my argument if I continue to yield to other Senators. So I shall complete my argument, and then yield.

Mr. FREAR rose.

Mr. MORSE. And that statement applies to the Senator from Delaware. [Laughter.] I shall yield to him later.

Mr. President, I wish to add this comment: It does not follow under the law that if the Commission deals with one person legally, by way of a legal bid, then as a Rubber Commission it is free to negotiate with anyone after that, whether he has made a bid or not. The Shell Co. never made a legal bid because it did not bid on a plant-by-plant basis. The argument is that the Commission should have been able to sit down and negotiate with them on the basis that some other company made a legal bid.

Let me give the Senate practical proof as to the custom in the industry. When trade matters arise in court, trade practices and customs become of assistance to the court in the interpretation of the law. It was recognized throughout the industry that these particular plants were to be considered individual facilities. Thus the Commission received bids, for example, in Texas, on a plant-by-plant basis, not on a package basis. There are 24 plants involved. Is it not interesting that in the submission of bids the industry generally recognized the fact that they should follow the specifications on the basis of plant-by-plant, just as the distinguished Senator from Indiana [Mr. CAPEHART] made it perfectly clear during the debate last year and again made clear to the committee, as appears from the quotation which has been read twice today? That was his understanding and the understanding of the committee at the time.

We are dealing with a situation in which the Rubber Plants Disposal Commission negotiated with a company that even refused to submit a bid on a plant-by-plant basis, after the Commission itself said, in effect, "You have submitted us a package bid. We want a bid on a plant-by-plant basis."

They said, "We are not interested in bidding on a plant-by-plant basis."

That is the record in this case.

Let us consider another argument which has been advanced both in committee and on the floor of the Senate today. What about these further bidders? They did not get hurt. Their bid was not near the Shell figure, anyway. What are they complaining about?

The fact is that every bidder is entitled to have the Government agency follow the law. When the law is not followed, the bid should be set aside. Who knows what the situation will be if we set the Shell Co. bid aside and call for new bids?

Mr. Pauley says in the record that his company will give more than $30 million.

Possibly others will. But I will tell Senators another benefit to be derived from setting the bid aside. It will give the industry, the independent operators, and the people of the United States a chance to look and see; and we need time for that. We are under a time gun. We are once more dealing with the kind of legislation that has us under a time gun. As a general practice, I think that is a bad principle to follow. We have had a series of unfortunate experiences. We have a legislative pattern, and I think it is necessary to be on guard in the future so that the same mistake will not be made again. But we must deal with the problem now, because here it is.

I would like to make my second argument against the sale. A bid has been received from a foreign corporation. Oh, it has a Delaware front.

Mr. FREAR. Does not the Senator think that is very good?

Mr. MORSE. It is an American subsidiary, like Ford has a subsidiary in England, and some other companies have subsidiaries in France, and elsewhere throughout the world.

But let the American people know that this property is sought by a foreign corporation, 51 percent of it owned by the Dutch, and about 49 percent of it owned by the British.

One of the reasons why the Government of the United States had trouble during World War II and after World War II in regard to the rubber situation was that foreign interests got control of the raw rubber. They hijacked the United States in prices. The price of raw rubber went up to 80 cents a pound.

That is what I meant when I said the Senator from Texas [Mr. JOHNSON] as chairman of a subcommittee of the Committee on Armed Services, saved the American people a minimum of $2 billion by serving notice that this Government would not be hijacked by foreign corporations.

In connection with the sale of these synthetic-rubber-producing facilities it is in the national interest to give a greater opportunity to American corporations, to American investors, to American producers, by calling for new bids and for a second look at the situation. Why do I say that? Because we had better watch the world rubber situation. Southeast Asia is deteriorating day-by-day. Who knows how long it will be possible for the United States to get its raw rubber supply from southeast Asia? We are dealing with a question involving the national security. I think doubts should be resolved in favor of American companies. We should make doubly certain that the interests of the American people are being protected. Therefore, these doubts being in existence, the sale of the plants should be delayed until there can be further exploration as to how much can be obtained for them, and as to whether or not some independent companies in the United States might not have an opportunity to purchase them, if given sufficient encouragement to do so.

This takes me to my third major argument in opposition to the sale, an argument I shall develop in greater detail when, later today, I speak more at length in support of my resolution. It needs to be highlighted here, because it is vitally important, perhaps, to slow up the proposed sale to Shell Chemical Corp. This argument relates to the antitrust features, the monopolistic features.

Under this proposal, the Government will be selling to one of the "big boys." It will be selling to a company which has on its record antitrust violation after antitrust violation, settled by way of pleas of nolo contendre—"we do not defend." Why did not the company defend? Because it knew it was guilty. What penalty did it take? It voluntarily took, on the plea of nolo contendre, a $5,000 fine, because Congress has not revised the antitrust laws now in effect so as to put more teeth into them. We allow great monopolistic combines to outwit the American people and to mulct them of millions of dollars, and then we slap them on the wrist with a $5,000 fine. That is what it adds up to.

Consider what has happened to the small producers in the United States, who are becoming aware, day by day, of the great danger of the so-called rubber steal. They are pleading with us for protection, because there is no legal remedy in this contract for a single small producer in all America. The lawyers for the Shell Corp. admit that to be so.

I secured permission from the company to submit some written questions to their counsel, because I wanted their studied opinion; I did not want their oral testimony. I wanted to know what they actually, with pen in hand, would sit down and write. I shall develop that at greater length this afternoon, when I speak on my own resolution; but I will say this much about it at the present time. The answer is—and it is a true answer—that the small producers of the United States have absolutely no legal remedy under the contract. There is not a thing the small producer can do to guarantee that he will receive a supply of rubber which the "big boys" voluntarily are promising. Oh, they are talking big; they are purring like kittens. But they are like monopolistic tigers, waiting to pounce on the American people. I happen to be one who believes we should bring their operations into the open so that the American people can see what the predatory interests really are.

Look at the long list of violations of the antitrust laws; and then consider that it is proposed, in this contract, to turn the supply of American rubber over to the "big boys" with no precautionary checks to protect the little fellows.

Minnesota Mining & Manufacturing Co. is a little fellow. Minnesota Mining & Manufacturing happens to be one of the smaller producers and processors of the United States. Minnesota Mining & Manufacturing is scared to death of what will happen to it, so far as the supply of rubber is concerned, if this kind of sale is consummated.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MORSE. Perhaps the Senator from Minnesota did not hear me say that I would not yield until I had finished. I want to yield, but I have refused to yield to my friend from Delaware. I will yield as soon as I complete my argument. I am almost finished.

I intend to develop these points in greater detail in connection with my own resolution later. I assure the Senator that I will ask for time to yield as soon as I have completed my statement.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Chair is advised that the Senator has 1 minute remaining.

Mr. MORSE. I ask for 5 additional minutes.

Mr. HUMPHREY. I yield 5 additional minutes to the Senator from Oregon.

Mr. MORSE. I wish to emphasize that in this contract, or in any other of the contracts involved, there is no protection for the little fellow. What are the little producers saying about this? I shall place in the RECORD later this afternoon correspondence and telegrams from them. I shall report on long distance telephone calls, because I wish to tell Senators something about them. Many of the little fellows are scared to death to go on record in black and white. They know that if they should put their protests down in black and white, disciplinary economic action would be taken against them in many instances. One of them, in Connecticut, called me. I wish Senators could have heard him. I wish Senators could have heard his voice as he pointed out how under these contracts, if they should be negotiated, he would be pushed to the wall. He said he could get no assurance of any delivery date; he could get no assurance of any particular amount of rubber. He said, "Under these contracts, I would be left high and dry."

So I insisted in committee, I am insisting now, and I shall argue later this afternoon in connection with my own resolution, that some guaranties should be written into the contracts. In order to assure the little producer that he will not have to rely upon unenforceable promises by the "big boys," there should be a remedy for breach of contract, and there should be a penalty the "big boys" would understand, a penalty of at least $50,000. It is necessary to talk to the big fellows in big terms, if we are really going to make them live up to the spirit, intent, and purpose of the antitrust laws. We should not allow great monopolies to take millions of dollars from the American people and as a penalty give them a mere slap on the wrist by imposing a fine of $5,000.

Lastly, the distinguished senior Senator from Georgia [Mr. GEORGE] put his finger on one of the most vital weaknesses in the whole transaction, namely, the recapture clause. Oh, it is said that the Government always can condemn the plants. The Government, under the Defense Security Act, always can get the property back. But at what price? Not at the price at which it was sold. The big corporate purchasers are going to breathe into these plants increased prices, and also, mark my words, quick increases in the prices of rubber. All they have to do is to up the price of synthetic rubber 5 cents a pound, and they will have paid for the entire investment in 2 years on the basis of present consumption.

Raw rubber has increased in price to 30 cents a pound. The Government has kept down the price of synthetic rubber to around 23 cents, and the plants have done very well. Even after taking into account the local property taxes, the expense of maintaining the standby plants, and the great sums of money which have been spent on basic research, the Government has made in the neighborhood of $40 to $50 million a year on the average, over the past 5 years.

The American people need to pause and consider the nature of the investment they are selling, without placing any checks or controls upon the purchasing companies.

Lastly, I want to say that the small oil distributors and service stations of my State have been wiring me in recent days informing me of the violations of the antitrust law by the Shell Oil Co. A group of independent stations have filed an action in the Federal district court at Portland, Oreg., against the Shell Oil Co. for these violations. I wish to say to these small oil producers and station operators in my State, that when I finish today, I will have done my best to warn the American people of the importance of their being protected from antitrust combines represented by the big oil and rubber companies, which will all be integrated in the process of producing rubber.

Mr. President, what we are discussing is a vertical monopoly. A vertical monopoly that starts with the petroleum stage of the rubber manufacturing process and goes right straight through to the Shell oil stations in my State and in every other State. The gas station dealer either complies with the "wishes" of the petroleum company or runs the risk of losing his lease. He knows that this has happened to many fellow operators. With a family to feed and no effective way to combat this pressure, he generally complies.

I do not intend to sit in the Senate and vote to strengthen the vertical monopoly under a contract in which is contained no recapture clause, or under a contract which provides no legal remedy for the small producer if the big producer does not keep his voluntary promise. Nor do I intend to vote for a contract which does not provide some penalty so that the American people will be protected.

There is one other condition which should be considered, namely some price protection. When one is dealing with monopolies it is essential to write into the contract some restraints on price fixing. Is it bad for the Government to fix prices, and not bad for monopoly to fix prices?

One of the greatest checks we need against monopolistic depredations at the present time is power on the part of the government to see to it that the big companies do not bleed the American consumer white. No effective check is now provided. So I say we had better set the bid aside, take a long look at it, call for new bids, and have new negotiations.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Will the Senator from Minnesota yield me 2 additional minutes?

Mr. HUMPHREY. I yield the Senator from Oregon 3 additional minutes.

Mr. FREAR. Will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. FREAR. Does the act preclude the selling of these plants to a foreign corporation?

Mr. MORSE. No, the act does not preclude the selling of the plants to a foreign corporation; but in the midst of a world situation such as that we now face, and in view of the Shell Co.'s conduct in connection with the raw rubber situation in the United States a few years ago, good common sense and sound public policy should dictate that the plants should not be sold to such a corporation.

Mr. THYE. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield to the Senator from Minnesota.

Mr. THYE. I have listened with much interest to the statements which the distinguished Senator from Oregon has made. He referred to the Minnesota Mining & Manufacturing Co., of St. Paul, Minn. That company has been in existence since 1902. It has grown gradually from a small corporation until it is now serving not only St. Paul, but every other community in this country. The company had a record of operating a synthetic rubber plant in the war years. Following the war the Minnesota Mining & Manufacturing Co. entered into a contract to operate the synthetic rubber plant at Los Angeles, Calif., and is operating it today. The company is foreclosed from bidding on the plant. We do not know how much that company would bid for the one plant in Los Angeles. It is for that reason that I submitted the resolution. I wish to commend the Senator from Oregon for his able statement on this entire question.

The Minnesota Mining & Manufacturing Co. desires to serve the Nation, but it will not have an opportunity to do so if the Shell Chemical Corp. is permitted to make a bid on 3 plants and thereby foreclose the Minnesota Mining & Manufacturing Co. from the right to bid on the 1 plant which it is now operating.

Mr. MORSE. I wish to thank the Senator from Minnesota for his remarks. The Minnesota Mining & Manufacturing Co. is a great organization. In fact, I took pride in the testimony of its general counsel, Mr. Connolly. He must not be blamed for it, but he at one time was a student of mine. I thought Mr. Connolly did a magnificent job before the committee in pointing out the legal rights to which Minnesota Mining & Manufacturing Co. was entitled under the law. As he pointed out, and as the Minnesota Mining & Manufacturing Co. points out, it takes great pride in the fact that it is one of the truly independent companies of the country. It is not one of the combines. The company has done a magnificent job in operating one of the synthetic rubber plants. I think it ought to have had a better break in bidding for the plant, under the processes of the law, rather than to have the plant taken out from under it, by what I am satisfied is an illegal bid.

Mr. FREAR. Mr. President, will either the Senator from Oregon or the Senator from Minnesota yield?

Mr. THYE. I shall gladly yield to the Senator from Delaware if he wishes to refer to the Minnesota Mining & Manufacturing Co.

Mr. MORSE. Before the Senator yields, I should like to supplement what the Senator from Minnesota has said. The senior Senator from Georgia listened to the Senator from Delaware. Then the Senator from Georgia asked the $64 question: "Does this contract contain a recapture clause?" The reply was that it did not. When the Senator asked that question, he pinned the contract to the mat. In my judgment, it was counted out.

Mr. FREAR. Mr. President, will the Senator from Minnesota yield?

Mr. THYE. I would be glad to yield, but I have not been allotted any time.

Mr. FREAR. If the Senator has not been allotted any time, perhaps he would yield to me, anyway.

Mr. THYE. Mr. President, I shall yield myself 5 minutes for any purpose, if the Senator from Delaware desires to ask me questions.

Mr. FREAR. I appreciate the courtesy of the senior Senator from Minnesota. I should like to make a comment before I ask a question. I think all of us have respect for the Minnesota Mining & Manufacturing Co. The Senator from Oregon just referred to it as the "little Minnesota company." I might say the "little Minnesota company" is a little million-dollar corporation. What are the assets of the Minnesota Mining & Manufacturing Co.?

Mr. THYE. Mr. President, the question which the junior Senator from Delaware asked as to the assets of the Minnesota Mining & Manufacturing Co. is immaterial. The firm commenced business, as a small company, in 1902. The growth of the Minnesota Mining & Manufacturing Co. has been steady. It has not in any sense become a corporation with headquarters in any State other than Minnesota. Therefore, whether the Minnesota Mining & Manufacturing Co. has been incorporated for $1 million or $10 million is immaterial to the question now before the Senate.

The address of the company is St. Paul, Minn.; and its home manufacturing plant is in St. Paul, Minn. Everything the company has developed and today has as its assets has been managed and controlled by business persons and investors in the State of Minnesota. Therefore, the Senator's question about the amount for which this company is incorporated is immaterial. If he wishes to place that information in the RECORD, I shall be glad to have him do so in my time.

Mr. FREAR. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Minnesota yield to the Senator from Delaware?

Mr. THYE. I am glad to yield.

Mr. FREAR. Again I say I have great admiration for the company in the Senator's State of Minnesota. Let me say that I believe it is a Delaware corporation.

Mr. THYE. If so, it is only incorporated under the Delaware law, merely because the Delaware law was found to be better suited to a corporation of that type than the Minnesota law. But it is a Minnesota corporation. Its first operations were on the flat on the east side of St. Paul, Minn.

Mr. FREAR. I appreciate the Senator's statement very much. In fact, I think one of our fine Delaware corporations is very friendly to the Minnesota Mining Co.; and I appreciate the situation in that respect.

Mr. THYE. Many corporations are incorporated under the Delaware law, because of certain characteristics of that law.

Mr. FREAR. I may add that is another point in their favor; I think they are using excellent judgment.

Will the Senator from Minnesota yield for another question?

Mr. THYE. Certainly.

Mr. FREAR. Does the Senator from Minnesota know the amount of the bid of the Minnesota Mining & Manufacturing Co. for Plancor 611?

Mr. THYE. It is immaterial what the company's original bid was, because its bid was never considered, in view of the fact that the lump-sum bid of the Shell Chemical Corp. was the one that was accepted, and that foreclosed any opportunity for another company to bid on an individual plant or a specific plant.

Mr. FREAR. Let me respectfully disagree with my good friend, the Senator from Minnesota; I do not believe he will find that to be the case, for if he will refer to the record and the testimony, he will find that the Commission went back to the Minnesota Mining & Manufacturing Co., which raised its bid from $2,500,000 to $3 million. But even with the raised bid of $3 million, it was still $2 million less than the bid of the next higher bidder. That is my point.

Mr. THYE. I should like to ask a question of the junior Senator from Delaware, who was chairman of the subcommittee which made the study and conducted the hearings on this matter: Will he tell me the amount of the bid of the Shell Chemical Corp. on Plancor 611, the synthetic plant at Los Angeles? Will the Senator state the amount of the bil of the Shell Chemical Corp. on that one plant?

Mr. FREAR. The Shell Chemical Corp. bid $30 million, including the three California plants, Plancor 611, 929, and 963. It made no individual bid. I admit to the Senator from Minnesota that it made no individual bid.

Mr. THYE. Mr. President, that is another reason why I submitted my resolution. The Shell Chemical Corp. bid, on a lump-sum basis, on 3 plants, Plancors 611, 929, and 963. In view of the making of that lump-sum bid, the Commission considered only the lump-sum bid. No specific amount was designated for Plancor 611. Therefore, I contend that whatever Shell Chemical Corp. bid as a lump sum, had no relationship to what the Minnesota Mining & Manufacturing Corp. bid for Plancor 611, because there is no record to give us information as to whether Shell Chemical Corp.——

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. THYE. Mr. President, I yield myself an additional 2 minutes.

I say that there is no record to give us information as to whether the Shell Chemical Corp. bid $1 or $1 million on Plancor 611.

If the Senator from Delaware is able to tell us what the Shell Chemical Corp. bid for Plancor 611, he will then be able to tell us what we cannot find in the record of the committee hearings.

Mr. FREAR. Let me say to the Senator from Minnesota, Mr. President, that if he would like me to supply that information, I shall reply by stating that the amount of the Shell Chemical Corp.'s bid for Plancor 611 was zero. But let me also inform the Senator from Minnesota that the amount of the bid of Standard Oil Company of California for Plancor 611 was $5 million, whereas the highest the Minnesota company would bid was $3 million.

Mr. THYE. Mr. President, I should like to ask the distinguished Senator from Delaware a question. What did he state was the amount of the bid of the Standard Oil Company of California for Plancor 611?

Mr. FREAR. Five million dollars.

Mr. THYE. What was the amount of the bid of Shell Chemical Corp. for the three plants?

Mr. FREAR. Thirty million dollars.

Mr. THYE. Can the junior Senator from Delaware tell me whether the $5-million bid for Plancor 611 was a good bid?

Mr. FREAR. I am afraid I am not an expert as to prices.

The PRESIDING OFFICER. The time of the Senator from Minnesota has again expired.

Mr. THYE. Mr. President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 more minutes.

Mr. THYE. Mr. President, the junior Senator from Delaware was chairman of the subcommittee which conducted the hearing and investigation; and if he failed to ascertain whether the $5 million bid by the Standard Oil Company of California was a good bid for Plancor 611, he was derelict in the performance of his duties as chairman of the subcommittee because he did not ascertain all the facts, in order that he could acquaint us with them, as we examine the record which he was supposed to develop on that subject.

Mr. FREAR. Mr. President, will the Senator from Minnesota yield to me, in order that I may reply?

Mr. THYE. Yes; I am happy to yield to the Senator from Delaware.

Mr. FREAR. It is true that the junior Senator from Delaware was chairman of the subcommittee, which had the duty of obtaining the facts. However, I understood the Senator from Minnesota to ask me a personal question; he asked me whether I considered the bid to be a good one. I did ascertain that information from what I considered to be competent authority. The Commission and its advisers thought that the $5 million bid was a pretty fair bid for it; but they did not think it was as good a bid as the $30 million bid for the 3 plants.

Mr. THYE. Then will the Senator from Delaware tell me whether there is any difference between the three plants which were involved in that bid? Does one plant have a greater value than the other because of its physical equipment? Are all three of the plants of the same capacity and size? Will the Senator from Delaware give us that information?

Mr. FREAR. They are not all of the same capacity, and they are not all of the same size, and each one of them manufactures a different product.

Mr. THYE. Then I believe there is before this legislative body positive evidence that the bid of the Shell Chemical Corp. for the 3 plants should be set aside, and new bids should be advertised for, because it is obvious that we do not have sufficient facts or sufficient information upon the basis of which to determine whether the Federal Government has gotten the best possible bids for this particular plant or the best possible bid for the 3 plants—particularly if individual bids had been submitted on each of the 3.

Mr. FREAR. Mr. President, I have great respect for the judgment and ability of my good friend, the Senator from Minnesota. But the committee disagreed with his conclusions, in the proportion of 10 to 5.

Mr. THYE. And that is why these resolutions are being debated on the floor of the Senate this afternoon.

Mr. HUMPHREY. Mr. President——

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 10 minutes.

Mr. HUMPHREY. Mr. President, later today we shall have an opportunity to discuss the resolution which has been submitted by the Senator from Oregon [Mr. MORSE]. At present, we are discussing Senate Resolution 78 and Senate Resolution 79, considered as one.

These resolutions relate to the so-called Shell Chemical Corp. contract. I shall confine my remarks to that particular aspect of the proposal which is before us.

First of all, I was nothing short of chagrined, disappointed, and somewhat dismayed by the action of our committee in turning down what I consider to be a very legitimate request, namely, that the Shell Oil Co. bid be disallowed and denied because of its failure to comply with the law. We can argue here all afternoon as to whether or not the Standard Oil Co. submitted a better bid than Shell. We can argue as to whether or not the Gulf Oil Co.—if it were involved—submitted a better bid, or whether any other oil company submitted a better bid. That has nothing to do with the question. The dollars involved are secondary to the legal issue. I will not permit myself to be taken off into legislative back alleys, or down the highways and byways of diversion. There is one issue before the Senate. The only issue before the Senate is whether or not the Shell company bid was a legal bid, and therefore led to a legal contract.

What are the facts? The Senator from Oregon [Mr. MORSE] has in forceful language documented with detailed information, pointed out in substance what the facts are in this case. But, Mr. President, the facts which relate to this case were developed over a year ago on the floor of the Senate. For example, former Senator Johnson, of Colorado, one of the great men of the Senate, and greatly beloved by his colleagues, asked this question during the debate on the passage of the Rubber-Producing Facilities Disposal Act of 1953:

> I wish to ask whether all the plants, other than the three alcohol butadiene plants, will be sold in a single package, or whether they will be sold plant by plant on bids on a plant-by-plant basis.

The Senator from Indiana [Mr. CAPEHART], then chairman of the Banking and Currency Committee, answered as follows, in his role of responsibility as chairman of the committee handling this legislation on the floor of the Senate:

> They will be sold on the basis of plant-by-plant proposals; and the sales will be made plant by plant.

What clearer language could we have than that?

Mr. LANGER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LANGER. Is that the Senator from Indiana [Mr. CAPEHART]?

Mr. HUMPHREY. That is correct; the Senator from Indiana.

Section 7 (b) of the Disposal Act reads as follows:

> (b) Proposals shall be in writing, and shall contain, among other things:
>
> (4) The amount proposed to be paid for each of the facilities.

I ask any Member of the Senate, regardless of all the minutiae and the detail that could be mustered to try to bolster up any argument, one question. Did the Shell Oil Co. bid plant by plant? Of course the answer is so obvious that we ought not even to be debating this question in the Senate.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. Of course they did not bid plant by plant.

I should like to ask the distinguished Senator from Indiana [Mr. CAPEHART] this question: Did the Shell Oil Co. bid plant by plant upon the facilities which were finally awarded to it by the Disposal Commission? I yield to the Senator to answer that question.

Mr. CAPEHART. Mr. President, I shall speak in a few minutes on my own time and explain my full and complete understanding of this entire situation. I will say at the moment that this question has bothered me no end. I have gone into it very thoroughly. I shall explain my position in a moment, and I shall answer the Senator's question. Technically, of course, the answer is that they did not bid plant by plant. I shall give my reasons in a moment. I think the Commission did right by eventually selling the plants to the Shell Co.

Mr. HUMPHREY. I thank the Senator. As I have stated many times, the Senator from Indiana is an honorable man. He says that technically the Shell Co. did not bid plant by plant.

When we consider the law we are considering technical language. It is the technicalities of the law which are the letter of the law. If we were to give to the Rubber Disposal Facilities Commission the right to make any kind of good deal, if that is what we intended to do, we should have written it into the law. But we did not write it into the law. We did not say to the Commission, "The only thing you shall bear in mind is the best price you can get." We laid down in the law certain other provisions, such as provisions to preserve competition and provisions protecting the national interest. There were provisions requiring bidding on each proposal, plant by plant, and requiring written proposals, written offers. The word "shall" means exactly what it says. It does not mean "may." It means "shall." Despite all the legal talk to the contrary, the word "shall" is a mandate, an order.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield first to the Senator from Louisiana, and then I shall yield to the Senator from Oregon.

Mr. LONG. I believe the Senator from Minnesota recalls that the junior Senator from Louisiana offered an amendment which was agreed to last year. The basis of that amendment was that the Congress should have the right to reject the sale of any one of these plants without requiring that any other disposal plan be rejected. The Senator will recall that at that time the junior Senator from Louisiana argued that it might very well be that the Government might have arranged for the sale of some of the plants in the Government interest, but one individual plant might have been disposed of in a way not to the Government's best advantage. The purpose of that amendment could not have been carried out if the plants were to be disposed of in groups.

Mr. HUMPHREY. The Senator is correct. I remember vividly, and with accurate recollection, the Senator's proposal. I recall that it was what we thought would be one of the saving clauses in this particular legislation. It was hotly debated, and finally adopted.

Two things, it seems to me, have happened. First, if we permit these plants to be sold in groups, on the basis of 1 bid for 3 facilities, we shall have broken faith with our own contract among ourselves in this Chamber, because we agreed among ourselves as to what this legislation meant, and we spelled it out in formal language—not merely in a legislative record, but in formal language.

Secondly, if we are going to ignore the technicalities of the law, we shall not be permitting fair competition among those who are bidders for these facilities.

There is another issue, as to whether or not we should even sell these plants at this time. That is an issue which relates to the foreign situation and to our national security. But let us set that issue aside.

The first duty of the Government is to deal within the law. I do not propose to join in a proposal to allow a foreign-owned corporation to evade the law, to use legal trickery and legal subtlety and legal interpretation, despite the preciseness of the language of the law, to deny contracts on the basis of competitive bidding to those who wish to live within the spirit of the law.

Make no mistake about it. Every other bidder in the United States who bid knew what the law was, and bid according to the law. Perhaps they did not bid enough. Perhaps they did not do right in terms of the dollar amounts offered, but they bid within the spirit of the law.

What is the Commission permitting? The Commission is saying, "It is too bad you fellows were not smart enough to figure out a better deal. You should have seen us in the back room. You have submitted a bid plant by plant, and you are not going to get these particular facilities. If you had been shrewd and sharp, like the Shell Oil Co., and if you had put three of these facilities together in one package and submitted a big deal, with one package, on a one-shot basis, we might have done business with you."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. I yield myself 5 additional minutes.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. If the United States Senate, which had a major part in writing this legislation and in writing what might be called the saving clause and the public-interest clauses, permits this situation to occur, it will give a go-ahead sign to every disposal commission in the Government to make the best kind of deal it can with the "favored boys," and let the public take the hindmost. The fact that the Government cannot even reclaim these facilities is bad enough. I think that in itself is a most serious matter; but again I say that I wish to stick to the point. I tried to develop that point with the chairman of the subcommittee and members of the subcommittee, including the Senator from Delaware [Mr. FREAR]. I ask unanimous consent to have my letter of March 16, 1955, to the Senator from

Delaware printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 16, 1955.

Hon. J. ALLEN FREAR,

Chairman, Subcommittee on Production and Stabilization, Committee on Banking and Currency, United States Senate.

DEAR ALLEN: As you know, on March 15 I introduced Senate Resolution 79, a copy of which is attached.

I have followed the proceedings of your subcommittee in considering the report of the Rubber Facilites Disposal Commission with great interest. Your committee has performed an outstanding service to the Senate in the thorough manner in which you have developed the facts concerning the disposal of the synthetic-rubber industry to private ownership.

It is abundantly clear from the evidence which your committee has developed that the Disposal Commission in recommending the sale of Plancor 611, a copolymer plant, Plancor 963, a butadiene plant, and Plancor 929, a styrene plant, all located at Los Angeles, Calif., failed to follow either the spirit, intent, or the letter of Public Law 205, as passed by the Congress of the United States.

I will not attempt to review the provisions of this law in detail as your able committee has spent many long hours in hearing it expounded and analyzed.

Section 7 (b) of the law is clear, unambiguous and mandatory. To say otherwise is to make a farce of the act and to completely emasculate it.

You, of course, are thoroughly familiar with the fact that section 7 (b) (4) of the act clearly states that proposals shall be in writing and shall contain the amount proposed to be paid for each of the facilities. Shell Chemical Corp. failed and refused to follow this requirement. The Disposal Commission failed to require Shell to follow this requirement. Every other successful bidder did follow this requirement to the letter.

The evidence shows, without dispute, that the Commission repeatedly requested Shell to break its lump-sum package bid down and assign an amount to each of the three specific plants as required by law and that Shell refused to do so.

This flaunting of the law by Shell rendered its proposal illegal and should have been thrown out. It gave Shell an advantage prohibited by law over both the Government and the other bidders for these plants.

The Commission had no discretion or authority to waive this vital requirement of the law. It might just as well have waived the requirement as to the national-security clause or the requirement as to the report of the Attorney General on the antitrust laws. Each of these requirements is couched in the same language in the act.

It is my sincere opinion that the Senate must not establish the dangerous precedent of permitting either public bodies or private industry to ignore its mandatory requirements in the disposal of vital Government property.

Inasmuch as section 9 (d) of Public Law 205 provides "no rubber producing facility shall be sold or leased except in accordance with this act * * *" and since the Shell proposal and the recommended sale are in direct violation of the provisions of the act, and in further view of the shortness of the time in which the Senate may consider this matter, I earnestly urge and request your subcommittee and the full Committee on Banking and Currency to approve Senate Resolution 79.

Sincerely,

HUBERT H. HUMPHREY.

Mr. HUMPHREY. I yield to the Senator from Oregon.

Mr. MORSE. Does the Senator agree with me that the bidding requirement of the statute was the primary requirement which the Rubber Plants Disposal Commission had to meet first, and that the Commission could not negotiate with any company until after it had first had a bid from that company?

Mr. HUMPHREY. Of course, that is correct. I may say to the Senator from Oregon that there are some other laws which compel those who come before an agency of the Government to act in accordance with the terms of a law. For example, there is the National Labor Relations Board. Unless certain requirements are fulfilled on the basis of a party being an employer or a union, the services of the Board are not available. I submit that the Shell Co. was not entitled to the services of the Disposal Commission once it ignored the law.

Mr. MORSE. That is a vital point. The Senator from Delaware [Mr. FREAR] has referred to the Shell Co. bidding zero. Does the Senator from Minnesota agree with me that the Shell Co. submitted no bid at all on a plant-by-plant basis? In other words, it refused to bid. A refusal to bid, therefore, does not mean a bid of zero. It means a refusal to bid, which in turn means that the Shell Co. did not comply with the law. Therefore, when the Rubber Plants Disposal Commission proceeded to negotiate with Shell, it was negotiating with a company which did not even come under the law. Is that not true?

Mr. HUMPHREY. The Senator from Oregon is eminently correct.

The final defense of the Shell Co. was that its attorney had interpreted the statute differently than the statute was written. Their second line of defense was that they did not quite agree that the word "shall" meant "shall." That is fine so far as the Shell Co. is concerned. However, I happen to know how to spell the word "shall," and I know what it means. We do not need a battery of New York or Philadelphia lawyers to tell us what the word "shall" means. The word "shall" does not mean that "Shell" may pull a fast deal. The word "shall" means that the public interest shall be protected.

Therefore I rest my case, not upon what I consider to be the monopoly aspect of the situation—although that is extremely serious, and the public will pay and pay and pay, and the public will shell out and shell out and shell out—I rest my case, not even on what I consider to be the vital question of national security in the field of synthetic rubber production, although it has been demonstrated how important synthetic-rubber plants are in both peace and war—but I and my senior colleague rest our case on the basis of the law. We certainly do not rest it on the basis of a particular company.

If the Senate of the United States is not going to be a respecter of the law we cannot expect large corporations to be respecters of the law. They sometimes have the idea that they can take all the market will bear.

We write the law. In this instance we are charged with the enforcement of the law. We are the body that said we wanted to relegate to ourselves the right of reviewing the enforcement of the law.

I hope we are not ready to say to those who are clever enough to skid by the law, "Go ahead, and do it, and run your show, regardless of the law."

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. HUMPHREY. I shall be glad to yield on the Senator's time.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Delaware, and additional time if he needs additional time.

Mr. FREAR. The Senator from Minnesota has stated that we write the laws. I should like to ask him to turn to page 8-A of the Commission's report. Public Law 205 of the 83d Congress, as quoted on page 8-A of the report, provides, under section 7 (b) (2), "the facility or facilities which are proposed to be purchased."

Therefore, the Shell bid was a bona fide bid.

Mr. HUMPHREY. I should like to ask the Senator from Delaware to turn to section 7 (b):

Proposals shall be in writing, and shall contain, among other things—(4) the amount proposed to be paid for each of the facilities.

The word "each" is just as easily understood as the word "shall." It does not mean "leech." It says "each." I do not want anyone to try to rewrite the law on the floor of the Senate. If we insisted on the responsibility of enforcing the law, let us now enforce it. This Senator does not intend to permit a company, which has the audacity to say before the Commission, "Well, our attorney interpreted it that way," to change the law.

The attorney for the company interpreted the law in the way the company wanted it interpreted. Of course, the attorney interpreted it that way. If not, he would not have been hired in the first place.

Mr. FREAR. Will the Senator yield further on my time?

Mr. HUMPHREY. I am delighted to be debating with the Senator on his time.

Mr. FREAR. I enjoy it, too. It was not only the attorney for Shell who gave that opinion. It was also the Comptroller General and the attorneys working for the Commission who gave that opinion. Therefore it was not only the attorney for Shell who gave that opinion.

Mr. HUMPHREY. That only proves that we need a change in the Comptroller General and a change in the attorneys for the Commission.

Mr. FREAR. Does the Senator wish me to argue that point with him?

Mr. HUMPHREY. I will be delighted to have the Senator do so on his own time. I do not know what kind of Comptroller General would interpret the word "each" to mean more than one.

I cannot figure that one out at all. I cannot understand how a Comptroller General can give multiplicity to the word "each," or change its singular character to a dual character.

Mr. FREAR. Mr. President, I cannot longer yield to the Senator from Minnesota. He will have to use his own time. I yield now to the Senator from Oregon.

Mr. MORSE. I say facetiously and good-naturedly, and somewhat irreverently and irrelevantly, that I do not like my friend from Delaware to cite as good legal authority men who in the next breath he would like to have removed. However, the question I should like to ask the Senator from Delaware is this. He quoted from the law the phrase "facility or facilities." The latter word is in the plural. In the Senator's opinion does the use of the word "facilities" in the plural have any bearing upon empowering a company to bid on a package basis?

Mr. FREAR. I believe I said in my opening remarks that the Shell Co. stated what the Senator from Oregon has stated the company had said.

Mr. MORSE. That the company was not bidding on an individual basis. Is that correct?

Mr. FREAR. That is correct.

Mr. MORSE. The only point I was raising was with reference to the legislative construction. The use of the word "facilities" in the plural in no way authorized Shell to bid on a package basis. Is that correct?

Mr. FREAR. No.

Mr. MORSE. It could buy more than one facility, but on an individual basis.

Mr. FREAR. It could bid on more than one facility.

Mr. MORSE. I agree, but it could not bid on a package basis.

Mr. HUMPHREY. Mr. President, I yield myself an additional 5 minutes on a matter which has been brought up and which deserves a little more attention.

The president of the Shell Chemical Corp. testified before the subcommittee. I believe he testified on Friday, March 11. At that time the distinguished Senator from Indiana [Mr. CAPEHART], the ranking Republican member of the committee and former chairman of the committee, inquired into certain aspects of the contract and bid. He made some very telling points. The Senator from Indiana is a businessman in his own right, and a man of competence and success. The name Capehart is a well-known household word to anyone who has a radio or television. The Senator from Indiana has had his own struggles with monopolistic tendencies and with those who engage in monopolistic practices.

Mr. FREAR. Mr. President, will the Senator permit me to interrupt him?

Mr. HUMPHREY. At this point I should like to develop my argument. While we may disagree at times with the Senator from Indiana on matters of politics, I think it is fair to say that we do not disagree with him on matters involving his word of honor. In this instance the Senator from Indiana really proved and demonstrated his knowledge of the subject we are discussing.

On page 490 of the committee record, the Senator from Indiana [Mr. CAPEHART] had this to say:

Senator CAPEHART. I want to know why did you not say, "I will give you X amount for one plant, X amount for another, and X amount for the other, and I will not buy any of them unless you will sell me all 3 of them, but if you will sell me all 3 of them I will give you this amount for this one, this amount for this one, and this amount for this one."

Mr. McCURDY. I will give you that.

Senator CAPEHART. Why did you not do it?

Mr. McCURDY. The reason we did not——

Senator CAPEHART. That would have been complying with the law.

Mr. McCURDY. That is right. There are two reasons that we did not do that, and they agree with one another. First, our bid is in line with the law, and our counsel assured us that the bid was all right legally.

Senator CAPEHART. It would not have cost you a penny more to have stated some price on each of the three.

Mr. McCURDY. No; but I am going to show you why it would have been against my conscience if I could.

Senator CAPEHART. Is it always against your conscience to comply with the law?

Mr. McCURDY. We did comply with the law.

Now, I know you want to know why. Any number of people have asked me in the last 3 days, "Why in the name of everything didn't you just put three figures on this thing and stop all this business?" Well, the reason that we did not do that was because those figures would have been empty and misleading. Those figures, had I done it, would have had to have been set arbitrarily. We did not calculate figures for these three plants and then add them up. We figured the whole thing out as one piece.

Senator CAPEHART. But the rules and regulations and the law said that you must bid on each individual plant.

Mr. McCURDY. Well, Senator CAPEHART, our legal counsel do not believe that. Those for the Commission do not believe that. And those for the Comptroller General do not believe that.

I know the distinguished Senator from Indiana, when he said this in the committee and when he said it to his beloved colleague on this side of the aisle, the Senator from Texas [Mr. JOHNSON], meant every word he said.

I read further:

Senator CAPEHART. I was the author of the bill and I believe it. I so gave my word on the floor of the United States Senate. Now, I do not mind telling you right now that was my understanding then and it is my understanding now.

Mr. McCURDY. But you said, did you not, Senator CAPEHART, that they were going to be sold plant by plant?

Senator CAPEHART. Yes.

Mr. McCURDY. Well, this is one plant.

Senator CAPEHART. Now, that is the question. If you prove to me——

Senator DOUGLAS. Mr. McCurdy——

Senator CAPEHART. If you can prove that to me——

Senator DOUGLAS. Mr. Pettibone testified here that there was no question but that they were different plants. You heard Mr. Pettibone testify to that effect—that they were separate plants. The record will show they are separate.

Senator CAPEHART. That does not hurt anybody's conscience.

Mr. McCURDY. No; but in my opinion—and I am sure we will all agree—denationalizing the industry is a lot more intricate problem than selling something off. The intricacies of this problem in one of its most difficult cases caused us to come to this solution. I would really have been in a spot if my conscience had told me that I could not put those figures down and our lawyers had told me that I had to. Then I really would have been in a pickle. I would have had to choose between my conscience and my desire to bid, and that would not be fun.

Senator CAPEHART. This conscience of yours is not quite clear to me. You were willing to pay $30 million for the 3 plants, but you had a conscience against saying, "Well, the physical value of this one is 17 million; the physical value of this one is 12 million; the physical value of this one is 10 million; but I withdraw my bids for all 3 unless you sell me all 3."

In other words, Mr. President, what the distinguished Senator was saying was this: "Do not talk to me about conscience. You were willing to bid only if you could get all 3 plants."

Mr. President, that is not bidding plant by plant. I think the record is eminently clear, and I hope our good friend from Indiana will, in view of his controlling influence on this legislation—and it was controlling, I may say to him, and he knows it—speak further on this matter. The Senator from Texas [Mr. JOHNSON] asked him a question which was pointed and direct, and the Senator from Indiana answered it.

I think our task is to do just one thing, namely, to judge whether the law has been complied with. I think the Senator from Indiana has made it crystal clear that the law has not been complied with.

Mr. KNOWLAND. Mr. President, I yield 10 minutes of my time to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, as I said a moment ago, I have had a great deal of difficulty with this problem. It has never been an easy one to decide in my own mind.

As the testimony shows, the able Senator from Minnesota having just read the colloquy between Mr. McCurdy and myself, I was doing everything possible to try to get the facts and the information from Mr. McCurdy, the head of the Shell Corp.

In fact, I was quite critical of him because as the author of the bill and the manager of the bill in the Senate when it was considered 2 years ago, one of the things we wished to be careful about was that the plants should not be sold to 2 or 3 or 4 or 5 corporations. We wished to make certain that there would be no monopoly created. We wished to make certain that small business would be attracted, and we wished to make several other things certain, including getting fair value.

We imposed on the Commission many rules and regulations, one of which was that the Commission should get the highest possible price. Another one was that it should not sell all the plants to one firm.

When this question came before the committee I was very critical of the Shell Corp.'s bid. I was not trying to influence any Senator one way or the other. I told those interested in the bid of the Minnesota Mining & Manufacturing Co., and others, that I felt that the law was specific, that the plants should be sold plant by plant. I was sincere and conscientious about it, just as I was in questioning Mr. McCurdy. Unfortunately, I was not present on the day Mr. Pettibone, the head of the Commission, testified. I questioned Mr. McCurdy very critically, as the record will show. The testimony has been read by the able Senator from Minnesota [Mr. HUMPHREY]. I discussed the matter with Mr. Pauley, who was attorney for the Minnesota Mining & Manufacturing Co. I am frank to say that I had a difficult time making up my mind on the question.

The House agreed to the Shell sale. The general counsel for the House committee agreed to the sale. I ask unanimous consent that the opinion of the general counsel of the House committee be printed at this point in my remarks.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

MEMORANDUM OPINION FOR HON. CARL VINSON, CHAIRMAN ARMED SERVICES COMMITTEE

PROTEST OF MINNESOTA MINING & MANUFACTURING CO. ON RPF DISPOSAL COMMISSION—RECOMMENDATION OF JANUARY 24, 1955

Minnesota Mining & Manufacturing Co., an unsuccessful bidder for copolymer plant at Los Angeles (Torrance), Calif., filed a letter of protest against the recommendation of the Disposal Commission to sell Plancor 611, a copolymer plant, to Shell Chemical Corp., along with Plancors 929 and 963; one a styrene, and the other a butadiene plant.

Minnesota Mining and a wholly owned subsidiary, Midland, bid on the copolymer plant only.

Shell Chemical Corp. bid on the three plants. Its bid did not specify the price for the individual plants. It stated that it would only purchase the three plants together.

Minnesota Mining cites Public Law 205, 83d Congress, section 7 (b) (4) that the bid documents:

"(b) * * * shall be in writing, and shall contain, among other things * * *"

"(4) the amount proposed to be paid for each of the facilities * * *."

In a release giving instructions and information to bidders, RPF Disposal Commission stated:

"4. Proposals shall state the amount proposed to be paid for each of the facilities * * *."

Shell Chemical Corp. submitted a proposal without giving the price assigned to each of the three plants:

"We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities."

RPF Disposal Commission recommended acceptance of the combined bid of Shell Chemical and called attention to its proposal which stated that "its interest was only in the acquisition of all three plants for integrated operation," for which reason it "declined to assign figures to each of the three facilities." Shell Chemical Corp.'s bid was the highest of the aggregate bids for all three properties.

Minnesota Mining now contends that the bid is invalid because it did not comply with Section 7 (b) (4) nor instruction to bidders, Release No. 1, paragraph 4.

Minnesota Mining contends it is immaterial whether or not Shell Chemical's bid for the three plants was in the aggregate the highest. It also contends that the RPF Commission "gave Shell an undue advantage not permitted by law" and urges the rejection of the bid and legislation authorizing the Commission to negotiate new contracts for the sale of these plants.

Provisions of the act

I disagree with the contention of Minnesota Mining.

Section 7 (b) (4) is not to be read by itself. There must be read with it section 7 (b) (5) which is as follows:

"(5) The general terms and conditions which the prospective purchaser of a copolymer facility would be willing to accept in order to make the end product of such facility available for sale to small business enterprises, and the general terms and conditions which the prospective purchaser of a butadiene or styrene facility would be willing to accept in order to make the end product of such facility available for sale to purchasers of copolymer facilities."

Shell Chemical complies with this section.

There must also be considered section 2, the declared purpose of the act, which is to effectuate the policies set forth in the Rubber Act of 1948, as amended, for the development within the United States of a free, competitive, synthetic-rubber industry.

Likewise, section 3 (b) (3) authorizes the Commission "to take such action and exercise such powers as may be necessary or appropriate to effectuate the purposes of this act."

Section 7 (a), concerning advertisement for proposals states:

"The advertisement shall * * * contain such specifications and reservations * * * as the Commission in its discretion determines will best effectuate the purposes of this act."

Section 7 (b) which follows, merely directs that the proposals shall contain six enumerated items of information, "among other things—."

Thus the Commission is not limited to the six items enumerated in this section. The bid information is advisory only. The basic objective is to "effectuate the purposes of this act."

Section 16 does not limit negotiations to the highest bidder. Instead, negotiations are authorized with any person "at a price which is equal to, higher than, or lower than the highest amount proposed to be paid for each facility as the Commission determines will best effectuate the purposes of this act."

The sale criteria are set out in section 17:

"(1) to afford small business enterprises and users a fair share of the end products of the facilities sold and at fair prices;

"(2) technical competence of the purchaser;

"(3) development of a free competitive, synthetic-rubber industry;

"(4) purchase in good faith;

"(5) full fair value taking into consideration the policy established in the act;

"(6) disposal consistent with national security; and

"(7) that the purchasers will be able to produce not less than 500,000 long tons of general-purpose synthetic rubber, and not less than 43,000 long tons of butyl."

Section 21 (c) of the act defines "rubber-producing facilities" as "facilities, in whole or in part, for the manufacture of synthetic rubber and the components thereof * * *" and subsection (d) defines "component materials" as "material, raw, semifinished, and finished, necessary for the manufacture of synthetic rubber."

Under this definition a combination of styrene, butadiene, and copolymer plants in a single operation in my opinion complies with the definition of a "facility."

Argument on the objection

(a) Minnesota Mining apparently relies upon the word "shall" as being a mandate to the Commission requiring it to receive separate prices on each of the three plants in question. Such an interpretation of the word "shall" as being mandatory cannot be sustained because legislative intent governs at all times.

The rule of statutory construction cases of this kind is well settled. See *Triangle Candy Company* v. *U. S.*, 144 F. 2d 195 (C. C. A. 9th, 1944) holding that where the purpose of the law is protection of the Government by guidance of its officials rather than granting of rights to private citizens, the word "shall" is construed to be directory and not mandatory. Here the purpose of the section in question is only for guidance of the Commission to enable it to "effectuate the purposes of the act."

By no stretch of the imagination is any prospective bidder granted any rights in the act.

See also *Vaughn* v. *John C. Winston Co.* (83 2d 370 (C. C. A. 10, 1936)), holding that if the requirement is a procedural detail not going to the substance of the thing done or to be done, then it is directory.

Upon the authorities it is settled that subsection (4) of section 7 (b) is directory and not mandatory. The failure to fully comply with the procedural detail therein contained does not invalidate this transaction.

(b) It is to be noted that the legislative intent of this section is stated in House Report 593, accompanying Public Law 205. That report states that subsection (4) of section 7 (b) is mechanical in nature.

(c) The intent of the act is the disposal of rubber plants at full fair value while at the same time assuring, first, that small business will have a source of supply at fair prices; and, second, continued competition among rubber producers (sec. 17).

Shell Chemical Corp. undertakes to make the production of synthetic rubber from these three plants available for small business and for the general market. It does not consume, in its own business, the products of these three plants.

Thus, the purposes of the act are effectuated by:

1. Terms favorable to the Government (highest price);

2. Conditions of the sale which favor production for small business (products are to be sold to small business on open market);

3. Competition sought by the statute (certificate of Attorney General).

From the foregoing, it is my opinion:

1. That the recommendation of the Commission complies with the intent of the statute, to wit: sale at a favorable price; an assured market for small-business fabricators; and maintenance of competition.

2. Section 7 (b) (4), it is well settled, is directory, and not mandatory, upon the authorities cited. It is a procedural detail, mechanical in nature, not going to the substance of the thing to be done. This section is for the guidance of public officials and the protection of the Government, and grants no rights to private citizens.

3. Section 21, defining a facility, when read with section 7 (b) (5) (with which Shell complied), and section 16, on negotiations, plainly contemplates Commission action which will effectuate the purposes of the act, and, therefore, the procedural detail in other sections is for guidance to this end.

In my opinion, on the facts and on the law, the Commission is authorized by the act to make the recommendations contained in its report concerning Plancors 611, 929, and 963.

JOHN J. COURTNEY,
Special Counsel.

Dated: March 7, 1955.

Mr. CAPEHART. Mr. President, the Comptroller General of the United States rendered an opinion that the sale was legal, and I ask unanimous consent that his opinion may be printed at this point in the RECORD.

Mr. HUMPHREY. Mr. President, will the Senator identify the Comptroller General who rendered the opinion?

Mr. CAPEHART. It was Joseph Campbell.

There being no objection, the opinion of the Comptroller General was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, March 8, 1955.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency, United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of February 17, 1955, acknowledged by telephone, referring to the contracts executed by the Rubber Producing Facilities Disposal Commission for the sale of Government-owned synthetic rubber plants, particularly the bid and contract by which 3 facilities in the Los Angeles area would be sold to the Shell Chemical Corp., and requesting our views concerning their propriety under Public Law 205, 83d Congress.

Such examination of the Commission's report to the Congress, dated January 24, 1955, and of the contracts as set forth in the supplement thereto, as has been possible in the limited time available has not disclosed any failure to comply with the statutory conditions established by the Congress. The individual contracts have been reviewed briefly and appear to satisfy pertinent provisions of the statute. Our review was directed primarily toward ascertaining that the mechanics of the Commission's procedures complied with the law and that its report was accurately and fairly stated on the basis of records available to us.

The Shell Chemical Corp. offered, in its initial proposal dated May 26, 1954, to buy 3 plants as a unit. It quoted one amount, advising, in paragraph 10, that "We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities." It has been asserted that such proposal was invalid and improperly considered by the Commission in view of subsection 7 (b) (4) of Public Law 205, which directs that basic proposals for purchase "shall contain * * * the amount proposed to be paid for each of the facilities." This provision, as explained in the House report (No. 593, 83d Cong., p. 9), was intended to require "the bidder to indicate the amount proposed to be paid for each of the facilities."

The Commission had occasion to construe this requirement in paragraph 4 of Release No. 1, dated November 25, 1953. Therein it stated, in part, that "Where a proposal contemplates acquisition of several facilities for integrated operation, it shall state separately the aggregate amount proposed to be paid for such facilities on such an integrated basis, and the amount otherwise proposed to be paid for each of the facilities in question on an individual basis." Application to the Shell Chemical Corporation case of subsection 7 (b) (4) and of the language in Release No. 1 also has been considered by the Commission in interpretations, copies of which it is understood were furnished to your committee. A position was taken that the Corporation's intent in bidding was fully stated without misrepresentation and in compliance with all requirements.

It is recognized that the Commission's position involves treating the requirement as meaning that there need be shown only the amount proposed to be paid on the basis of the smallest unit intended to be purchased, as distinguished from "each of the facilities" included in such unit. In this view the statutory direction would be complied with because there would be no offer to purchase an individual facility as such. In other words, the amount bid for each facility would be "zero." In this connection, it may be observed that, even if individual facility prices had been quoted, as they were in the case of the Copolymer Corporation's proposal for the two plants at Baton Rouge, La., since each amount would be contingent upon acceptance of the other, the actual amount offered for each would, in effect, be "zero." Apparently, the only other view possible is that proposals for combined facilities must show prices for individual units even though it not be intended to buy them. Such a view, however, not only would be illogical, but it might well involve misrepresentation on the part of a bidder. In any event, it is not apparent how individual amounts could be quoted in such circumstances or, if quoted, what practical use could be made of them.

Also, there is for consideration the fact that basic proposals were requested, not to become final contracts, but merely to establish a basis for further negotiations. In this connection, section 16 of the act provides, among other things, that—

"The Commission may negotiate with respect to any facility with any person who submitted a proposal on that or any similar facility and may recommend sale of any facility to any person who submitted a proposal on that or any similar facility at a price which is equal to, higher than, or lower than the highest amount proposed to be paid for each facility as the Commission determines will best effectuate the purposes of this act."

The fundamental issue presented for resolution thus appears to be as to whether the act contemplates that basic proposals submitted for the purchase of combined facilities, without showing amounts included for each facility, are required to be eliminated from the competition because not complying with the statutory direction. An examination of the legislative proceedings discloses no indication that rejection was intended. On the contrary, reference is made in several provisions of the act to "facilities" proposed to be purchased, and it is a fair inference that bids and awards for more than a single facility as a unit were contemplated. See, also, the discussion of competition under section 16 in the conference reports (p. 17 of H. Rept. No. 1055 and p. 15 of H. Rept. No. 999). There would appear to be no logical objection to recognition of bidders in this category for purposes of negotiating because, while they are not in competition for separate facilities as such, their bids readily could be compared with aggregate bids for the separate facilities involved, and the Government's advantage easily could be determined, whether at the outset or after subsequent negotiations. Clearly, also, the fact that proposals were not final—serving merely the purpose of establishing a floor for negotiation of final contracts—precluded any undue advantage over a competing bidder interested in a single facility. Finally, since the statute must be construed as a whole, each provision being given a meaning harmonious with all other provisions, it appears clear that the overall design and purpose was to bring all qualified bidders into the competition. Consequently, the requirement of subsection 7 (b) (4) should not be given a technical meaning which would restrict eligibility so as to exclude qualified purchasers interested only in integral groups of facilities, but a meaning, such as that adopted by the Commission, more consistent with the whole objective of the law. It is significant that proposals for combined units did not deprive any bidder of opportunity to participate in the negotiations for final contracts, that disposal of the facilities on a plant by plant basis was not precluded, and, as pointed out at page 28 of the Commission's report, that the price agreed upon with the corporation after negotiation "represents the greatest aggregate return to the Government for the three plants."

Hence, whether the Shell Chemical Corp. be regarded as bidding "zero" for "each of the facilities" or as not bidding at all for a single facility as such, it is believed that no legal requirement necessitated elimination of its proposal or precluded negotiation with it. Nor is there perceived any valid objection otherwise to consummation by the Commission of the negotiated sales contract with the corporation as found to be in the Government's interest under the remaining provisions of Public Law 205.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

Mr. CAPEHART. Mr. President, the general counsel of the Commission approved the sale, and I ask unanimous consent that his opinion may be printed in the RECORD at this point in my remarks.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

MEMORANDUM DISCUSSING OBJECTION BY MINNESOTA MINING AND MANUFACTURING CO. TO COMMISSION'S RECOMMENDED SALE OF THREE WEST COAST PLANTS TO SHELL CHEMICAL CORP.

Reference is made to the objection of the Minnesota Mining and Manufacturing Co., contending that the Shell Chemical Corp. proposal did not conform to the standards prescribed by the Congress in the Disposal Act, and therefore was improperly considered by the Commission.

Minnesota's bid was a joint bid in which the other participants were Midland Rubber Corp. (a wholly owned subsidiary of Minnesota) and Edwin W. Pauley, an individual. The bid proposed to purchase Plancor 611, the Los Angeles copolymer plant, at a price of $2,500,000. The bid was not dependent in any way upon the proposal filed by Edwin W. Pauley, as an individual, for the butadiene plant at Torrance (Plancor 963), for which the sum of $4 million was offered.

Minnesota, speaking for itself and Midland, requests that the recommended sale to Shell be disapproved and that legislation now be passed to enable the Commission to receive new proposals and negotiate new contracts for the sale of the 3 plants concerned under the same terms and conditions presently set out in the Disposal Act.

Shell's proposal called for the purchase of the foregoing copolymer and butadiene plants, plus the styrene plant at Los Angeles, for an integrated operation, at a price of $27 million. (The plants had been operated on such an integrated basis by the Government.) In its proposal, Shell made clear that it was interested only in acquisition of the 3 plants as a package and that it did not propose to purchase individual facilities.

Shell was declared eligible to negotiate for the purchase of the plants upon the basis of its proposal which was found to have met the requirements of the Act and the Commission's Instructions. Minnesota asserts that the failure to break down the bid into individual prices for the individual plants comprising the package is fatal.

The Commission cannot subscribe to this view. Section 7 (b) (4) of the Disposal Act provides that proposals shall contain "the amount proposed to be paid for each of the facilities, and, if such amount is not to be paid in cash, then the principal terms of the financing arrangement proposed." Broadly speaking, this section, procedural in nature, is designed to inform the Commission as to how much a bidder proposes to pay and how he proposes to pay it. The House report on the Disposal Act described the section as follows:

"Paragraph 4 of subsection 7 (b) is mechanical in nature and requires the bidder to indicate the amount proposed to be paid for each of the facilities and the manner in which the facilities will be financed." (H. Rept. 593, 83d Cong., 1st sess., p. 9.)

Where a proposal covers more than one facility and the bidder desires to purchase any one separately if he cannot get the integrated whole, the proposal is expected to state the amount proposed to be paid for the facilities on an individual basis. This test did not apply in the Shell case. Where a bidder has no intent to purchase individual facilities a clear statement to that effect satisfies the statute by giving a negative answer to the question of section 7 (b) (4). Shell's proposal made clear that the bidder was uninterested in the individual purchase of one or two of the components of the whole. Shell's statement to that effect in its proposal satisfied the statute since it left no doubt that no amount was proposed to be paid for each of the facilities, because there was no intention to purchase each of the facilities individually. Any attempt by Shell to assign individual prices to the three plants would have been a misrepresentation. The Commission does not view this section of the statute as compelling absolute uniformity of intention of all bidders. The history of the statute is one of requiring full disclosure of individual intentions in regard to purchase to enable the Commission to evaluate the proposals it received. In view of the complexity of the disposal program, it was to be expected that many different methods of sale could be broached. The Commission welcomed them. In the light of Shell's explicit statement of intent, there can be no question that the Commission was offered a full disclosure of Shell's state of mind with respect to its participation in the disposal program.

Paragraph 4 of the Commission's release No. 1 restated the requirement of section 7 (b) (4) of the Disposal Act, calling for a statement of the price proposed to be paid for each facility. It added that where a proposal contemplated acquisition of several facilities for integrated operation, the proposal should state separately the aggregate amount proposed to be paid on the integrated basis, and the amount otherwise proposed to be paid on an individual basis. This language was designed to obtain for the Commission complete and accurate disclosure of all essential information in proposals to be filed with it. Because this section was a restatement, in the instructions, of the requirement of section 7 (b) (4) of the statute, the reasoning applicable in the discussion above pertaining to the statutory provision likewise applies here. Shell's proposal, clearly negativing interest, in anything but the entire package, made clear that there was no amount "otherwise to be paid" as to individual plants since no interest was present for the purchase of individual plants.

In net effect, Shell's proposal would have been no different had it, for solely formal reasons, assigned values to the individual plants but interconditioned the offers by a statement that Shell wished only to purchase all 3 and that, therefore, the purchase of any 1 plant was conditioned on the purchase of the other 2. Such a proposal would have differed from the one actually filed only in the price breakdown. But that would have in no way aided any other bidder in view of the Commission's general negotiating policy of not divulging bid amounts. Minnesota has not contended that conditioned proposals are invalid. In fact, in view of the geographical and technological factors favoring integrated purchases, they are to be expected. And many were received. The proposals of Copolymer Corp., Goodrich-Gulf, Texas-U. S., and Humble were all conditioned in one fashion or another. Conditioned bids being valid, there can be no objection to a package bid as, in ultimate effect, they are the same.

The act is not a strict high bid statute which would preclude the Commission from selling the plants in question on an integrated basis, even had the proposal spelled out individual prices for each plant in the group and the purchaser was not the high bidder on one of the plants. The Commission was explicitly permitted to sell for less than the high offer. This being so, and in light of what has been said above in reference to conditioned proposals, Minnesota could not have been prejudiced by Shell's failure to break down its proposal.

In the Shell case, the package offer (which during negotiations was increased from $27 million to $30 million) exceeded the sum of the individual high offers. The Commission was nowhere prohibited from obtaining the benefit of whatever additional price a buyer might be willing to pay for an integrated operation.

There can be no question of the bona fides of the Shell proposal. The plants were worth a certain sum to Shell on its premise, and the Commission would have been open to most serious objection had it, following the thesis of the objector, ruled the proposal ineligible. The question of obtaining the greatest financial return for the Government, consistent with the establishment of a competitive industry and the protection of the national security, was stressed by the Congress as of primary concern.

It would seem clear that the mere qualification of the proposal as eligible, was of itself in no sense prejudicial to other bidders for the plants comprising the complex. As the Commission's report to the Congress makes clear, Shell declined to break down its composite bid. The question, therefore, is whether continued negotiations on this basis prejudiced other bidders on the plants involved. The answer to this question is found in the negotiating procedure followed by the Commission. The Commission negotiated with bidders in the light of their offers and, finally, on the basis of the Commission's view of the appropriate price for each plant. Minnesota was told by the Commission that in the Commission's view the appropriate price for the Los Angeles copolymer plant was $3,500,000. Minnesota was fully negotiated with on this basis. Its original bid was finally increased to $3 million. This procedure was followed in other cases where, as here, there was more than one bidder for a facility. Examples are the Houston, Lake Charles, and Port Neches butadiene plants. In none of those cases was a package proposal involved. Yet the Commission's basic procedure, modified as to technique where required by special circumstances, was the same as that followed in regard to the Los Angeles copolymer plant. The Commission's idea of an appropriate price was set as a negotiating target. Therefore, any breakdown by Shell would have had no effect on the position of other west coast bidders. With no breakdown, the Commission followed its standard procedure. A breakdown would have made no difference. The Commission would have followed the same procedure.

The one change in west coast negotiating procedure involved fuller disclosure of the Commission's position and thus was an aid to bidders on those facilities. They were put on notice of the possible existence of package proposals and were told the procedure to be employed by the Commission in such situations. The Commission said that it would consider the total of the amounts which it would receive on an individual basis in relation to the amount represented by a package bid.

Furthermore, the Commission had a large number of individual bids on the styrene plant, and several bids on the butadiene and copolymer plants. It had, therefore, measures of value expressed by bidders with which to test prices. It negotiated with all bidders. At no time did Minnesota ever become high bidder, never reaching, for example, the initial proposal of Standard Oil Co. of California which offered $3,500,000 for the copolymer plant.

Minnesota was made fully aware, as were other bidders on the west coast plants, that the disposal of these plants presented one of the most difficult problems confronting the Commission. A principal concern to bidders on the copolymer plant was the absence of an assured market for its production. Standard of California made the assurance of such a market an absolute condition of its offer to purchase, and Minnesota suggested that to meet this problem the Commission should obtain an agreement from purchasers of other Government-owned rubber-producing facilities that they would, for a minimum of 5 years from the effective date of sale, purchase their west coast GR-S requirements from the Los Angeles copolymer plant at current market prices. This suggestion could not be complied with by the Commission. The question of finding markets was left entirely to the bidders. The Shell proposal was the only one which freely accepted this burden. Shell was willing to take its chances on finding and developing markets. This factor, therefore, loomed increasingly important in the Commission's thinking as the program progressed. As the Commission's report states, sale of the west coast plants was clearly necessary to safeguard the competitive position of west coast fabricators.

The vertical integration question posed by the Shell proposal was resolved by the Attorney General who approved the sales. The introduction of a strong company into the styrene business as a newcomer was thus regarded satisfactorily, as was entrance into the synthetic-rubber field of a company independent of connections with rubber fabrication. The needs of small rubber fabricators were protected.

In sum, in recommending the Shell sale, the Commission fulfilled its basic responsibilities by obtaining the maximum dollar return, while at the same time establishing genuine competition in both GR-S and styrene manufacture. At no time during the 7-month negotiating period did Minnesota object to the Commission's procedures, or indicate that it considered that it had not been treated fairly. It would accordingly seem that the protest now pending makes it incumbent upon Minnesota to demonstrate that it has in fact received such discriminatory treatment in violation of its substantial statutory rights as would justify the rejection of the recommended sale to Shell.

As stated in House Report No. 593, with respect to section 9 (b) of the act relating to congressional review of the disposal program:

"While it is not intended that this section will create a forum for rejected bidders to air their complaints, nevertheless, it will give the representatives of the American people an opportunity to pass upon and, if necessary, reject the proposed transfer of a great Government industry to the hands of private industry. The responsibility for Federal review of the proposed sales is placed in the hands of the Congress, where it rightfully belongs. If either House is of the opinion that national security will be endangered or full fair value will not be received, or a competitive pattern will not be created, it can reject the proposed sales, and the Rubber Act of 1948 will then be extended to March 31, 1956."

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks my own explanation of the matter.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

Upon reexamination of this question, I find that the Shell sale is not inconsistent with my original position. Reference to selling "plant by plant on the basis of plant-by-plant proposals" was intended to preclude sale of large dominant groups of plants to single purchasers.

1. In an economic sense, the 3 major facilities on the west coast are 1 operational unit, though on a purely physical basis they are 3 plants. Because of their isolated position, they are almost completely dependent on each other, much more so than other plants in the program. They are at a definite freight disadvantage in shipments in and shipments out of their area. For example: if a butadiene plant on the gulf coast, which was next to a copolymer plant, were to blow up, butadiene could, if available, be brought in from another gulf coast butadiene plant at very little added expense. But if the west coast butadiene plant exploded, the distance from other butadiene supply and, above all, the freight disadvantage would be virtually certain to shut down the west coast copolymer plant.

2. Industry, in its own working language, often refers to economically integrated units as one. Steel mills and rubber fabricating plants are often groupings of separate manufacturing entities but are frequently referred to as one unit.

3. The three west coast plants are a single economic unit. And, because of the freight disadvantage, it is only by the economies possible in integrated operation that west coast rubber can even hope to be competitive, outside its own contiguous area, with gulf coast rubber. Divided sale destroys these economies; an integrated (one unit) sale is economically the soundest.

4. No company has been hurt by the qualification as eligible of the Shell bid or by the Commission's procedures. Neither Minnesota nor Pauley ever reached the Commission's idea of full fair value. The Government obtained the most money and introduced competition in GR-S manufacture.

5. This is not a lawsuit on a technical point of law. The review procedure was set up for Congress to review the program as a whole, and the program meets all of the statutory criteria.

Mr. CAPEHART. Mr. President, I do not have the opinion of the Attorney General, but the Attorney General likewise approved the sale as being legal. I am not a lawyer. I am not capable of passing upon the legal aspects of the question. I certainly cannot qualify as a legal expert. I hope the Senators will take the whole question under consideration and render their own judgments. The general counsel of the Commission, the general counsel of the House committee, the Attorney General, the Comptroller General, and others, are in favor of the sale.

I had a long talk with the Commission, and this is what I found. The three facilities were offered for sale individually or separately. Bids were asked for the 3 plants, and bids were received for them—not 1 bid, but many. Among the bidders was Minnesota Mining & Manufacturing Co. But not a single bid was received for the individual facilities which did not have an "if" in it. "We will buy it if certain things can happen." "We will buy it if we can sell certain products." The bids were "if" this, "if" that, and "if" something else.

Likewise, none of the individual bids submitted by various companies totaled $30 million. There was nothing to have estopped Minnesota Mining & Manufacturing Co., or any of the other companies which bid—and Standard Oil Company of California and other companies bid—from bidding for the three plants.

Those, I think, are the facts. I believe them to be the facts. If I am wrong, I should like the RECORD to be corrected later.

Another matter which was called to my attention which I think should have some weight—it is not predominant, of course—is that the 3 plants in California, while I would not go so far as to say that they are 1 facility, are close together, no farther apart than the buildings of many other large corporations. One is a butadiene plant, another is a styrene plant, and the third is a rubber-making plant. It is a fact that they have connecting pipes. At least two of the facilities use the same powerplant, which means that both of them get their power from the same powerhouse. That in itself is not a predominant consideration, because the 3 facilities have in the past been operated by 3 different concerns. I think I am correct in that statement. Among them was, I believe, Minnesota Mining & Manufacturing Co., which operated one plant for the Government.

Mr. HUMPHREY. That is correct.

Mr. CAPEHART. One of the problems involved in the matter, purely from a practical business standpoint, is that there is not sufficient business on the Pacific coast to support any single plant. At least, that is what I have been told. I am not an expert in the rubber business, but I know something about business. I have been advised that all 3 plants should be operated as 1 facility to make butadiene, styrene, and rubber. I think it might well be said, without trying to read the minds of others, that those who know the business, including Minnesota Mining & Manufacturing Co., believed that it would be better to operate the three plants as a unit, because each one supports the others.

It was for that reason that the Shell Co. said it would not buy 1 plant unless it could buy all 3. Shell first said it would pay $27 million for all 3 plants. The Commission said it would not accept $27 million, but would accept $30 million.

I ascertained also that the commission itself asked the Shell Co. to designate what it would pay for each of the three plants, thereby recognizing the fact that there was some intention to have the plants sold separately. I want to be perfectly frank and honest in saying that I ascertained that information. However, Shell did not wish to do that, and did not do it. The reason they did not do so, as they stated, was that they simply did not want the plants at any price unless they could have all three.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. CAPEHART. May I have more time?

Mr. BRICKER. How much time does the Senator desire?

Mr. CAPEHART. Five minutes.

Mr. BRICKER. I yield 5 minutes, or 10 minutes, if the Senator from Indiana can use that much time.

Mr. CAPEHART. Shell said they did not want to buy the property unless they could buy all three plants. The price they agreed to pay, $30 million, was greater than all the individual offers made by the other bidders—and the other offers had "ifs" attached to them.

The question is, as Mr. Pettibone, of the Commission, said to me, Would the Commission have been criticized on the floor of the Senate had it sold the plants individually for less money than could have been received for all three as a unit? Likewise, the Commission probably would have been in trouble with the Senate had the plants been sold for less than $30 million. The Commission had been told to get the highest price that could be received, and that is what it did. The three plants were sold as a unit.

Those are the facts. I am not trying to sell any Senator on the idea of voting in any direction on this matter. I am simply trying to be factual in stating what the Commission was faced with.

The Senate could, as the House refused to do, void the sale, I suppose, and order the Commission to sell the property again. I do not know what the end result might be. It might result in a higher price; it might result in a lower price. I believe the Commission has said the price might possibly be less.

In any event, there is no question that the Commission accepted the highest figure. There is no question that there is some merit to the contention that the property should be available as one facility. There is no question that, as a practical business matter, these facilities, to be operated successfully, should be operated as a unit because of the present limited market for rubber on the Pacific coast.

It is also known to be a fact that if styrene and other products manufactured at the three plants are to be shipped to the East, there will be a disadvantage in freight rates and a disadvantage from a competitive standpoint.

Those are the arguments and the facts. The House already has acted on the matter and has refused to void the sale. The Senate will have to be its own judge as to whether or not it thinks the Commission did the right and proper thing under existing circumstances.

I have tried to give the Senate all the facts in my possession. I may not have given all of them. If I have not, I should like to correct the RECORD later, or to have someone correct me at the moment on any of my statements.

As I have said previously, I have had a hard time with this matter. I answered former Senator Johnson of Colorado when he asked me several questions on the floor of the Senate. His first question was, Will the 29 plants be sold as a package? He was interested in knowing whether or not all the plants might be sold to one corporation. My answer was, No; that they would be sold plant by plant. There can be no question that the facilities were offered plant by plant—even these three. Although they were offered plant by plant, the bids received, plant by plant, were not as high as the bid for the entire three faciilties as a unit.

It might well be asked if those who bid on the facilities plant by plant had an opportunity to bid upon them as a unit. The Commission has informed me that they did. There again, I accept the word of the Commission. I do not have any documented evidence, but only the word of the Commission.

So Senators will have to make up their own minds about the matter.

Mr. MORSE. Will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Oregon.

Mr. MORSE. As a matter of information, it is my understanding that the Pauley interests and the Minnesota Mining & Manufacturing Co. interests testified to the effect that there is a great need for the use of the plant on which they were bidding for western trade; that the product of the plant would go to supply the needs of western trade. It does not follow, as the Senator from Indiana pointed out, that a single plant could not make use of its product in the western area of the United States. I think the Senator will find the Pauley group pointed out that they were the chief suppliers of a great many processors and producers in the West. Furthermore, I think the Senator will find, if he will examine into the question further, that a tremendous increase in west coast business and in business in the other Western States is expected, and in a short time it would not be possible for one plant to supply the needs of the West.

I brought that point out because I thought it should be developed in modification of the statement of the Senator from Indiana that there is not sufficient business in that area, which means I take it, the western purchasing area, including the Western States and the Coastal States, to support any single plant.

If the Senator will permit me to say so, it seems to me his argument was in line with the representations which he made on the floor of the Senate, about which he was perfectly sincere, and statements he made in the committee. The point is that counsel for some of the departments disagree with the Senator's conclusions about plant-by-plant sales; but the fact is that was the representation made. Reliance was placed on that representation. As the Senator will recall, and as stated in committee, there certainly cannot be any doubt that ambiguity does not do away with legislative intent.

Mr. CAPEHART. There were other criteria besides selling plant by plant. There was the requirement that the plants should be sold for the highest possible price.

Mr. MORSE. That was not mandatory.

Mr. CAPEHART. There is a question as to whether any of the criteria were mandatory.

Mr. MORSE. I think what has become mandatory is the legislative intent of the law which was enacted by Congress, and sponsored by the Senator from Indiana.

Mr. CAPEHART. Let me say that when I answered former Senator Johnson of Colorado I was sincere and conscientious in stating my opinion that it would not be the intention of the Government to sell the plants to one concern, and that there would be a sale plant by plant. It was our intention to eliminate monopoly. In questioning Mr. McCurdy in committee, I was trying to determine the intent from him, and I was very critical of him. Unfortunately I was not present when the Chairman of the Disposal Commission testified. I came in later. My opinion was made clear, both in the statement I made on the floor when the bill passed, and in committee in my questioning of Mr. McCurdy. I listened to representatives of the Commission. I studied what was said about it in the House. I studied what the Comptroller General and the Attorney General said. Today I am trying to be just as factual as I know how to be, and I am trying to give both sides of the story. As I have said, I am not trying to influence any Senator's vote one way or the other; I am trying merely to be factual. With that statement, I take my seat.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. Yes.

Mr. MORSE. Does not the Senator from Indiana agree with me that the Rubber Disposal Commission had the discretion to set aside all the bids and call for new bids, because, for a variety of reasons, it might believe it was in the public interest to start all over again, and one of the reasons would be the mandatory provision that bids should be submitted plant by plant?

Mr. CAPEHART. Yes. That was done in Baytown, if the Senator will remember.

Mr. MORSE. That was not done in the instance of the plants now being discussed.

Mr. CAPEHART. The Senator is correct.

Mr. MORSE. That is the essence of our opposition, and our objection to what was done.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, the time to be charged to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I am perfectly willing to yield back the remainder of the time available to this side, if the minority leader is willing to do the same for his side.

Mr. BRICKER. Mr. President, on behalf of this side, I am perfectly willing to have an immediate vote taken, if that is agreeable to the other side.

Mr. JOHNSON of Texas. Then, Mr. President, I now ask for the yeas and nays on this question.

The PRESIDING OFFICER. The question is on agreeing to Senate Resolutions 78 and 79, which, by unanimous consent, are being considered en bloc.

The yeas and nays have been demanded. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JOHNSON of Texas. In order that Senators who are not in the Chamber at this time may be notified that we are prepared to vote on the pending question, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	George	McClellan
Allott	Goldwater	McNamara
Anderson	Green	Millikin
Barkley	Hayden	Monroney
Barrett	Hennings	Morse
Beall	Hickenlooper	Mundt
Bender	Hill	Neely
Bennett	Holland	Neuberger
Bible	Hruska	O'Mahoney
Bricker	Humphrey	Pastore
Bush	Ives	Payne
Butler	Jackson	Potter
Byrd	Jenner	Purtell
Carlson	Johnson, Tex.	Robertson
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Clements	Kerr	Smathers
Cotton	Kilgore	Smith, Maine
Curtis	Knowland	Smith, N. J.
Daniel	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Symington
Dworshak	Long	Thurmond
Eastland	Magnuson	Thye
Ellender	Malone	Watkins
Ervin	Mansfield	Welker
Flanders	Martin, Iowa	Wiley
Frear	Martin, Pa.	Williams
Fulbright	McCarthy	Young

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. MURRAY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

Mr. KNOWLAND. I announce that the Senator from New Hampshire [Mr BRIDGES], the Senator from Indiana [Mr. CAPEHART], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

I also announce that the Senator from Pennsylvania [Mr. DUFF] is absent on official business.

The PRESIDING OFFICER. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, Senators who favor disapproving the sale will vote "yea," and those who favor selling the facilities will vote "nay." Is that correct?

The PRESIDING OFFICER. The Senator is correct.

The question comes before the Senate by virtue of a resolution reported adversely from the Committee on Banking and Currency. Senators who are opposed to the sale will vote "yea" on the resolution. Senators who are in favor of the sale will vote "nay."

Mr. JOHNSON of Texas. I thank the Chair.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. The pending resolution relates only and specifically to the so-called Shell Chemical Corp. bid, does it not?

The PRESIDING OFFICER. The resolution refers to the three facilities in California, which the Chair understands represent the bid of the Shell Co.

Mr. HUMPHREY. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. As I understand, this resolution does not affect the other bids which were entered and accepted.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. BRICKER. Mr. President——

Mr. FREAR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FREAR. In answer to the question just asked by the Senator from Minnesota, if the resolution is agreed to, the prospective purchasers of the other plants will have 30 days within which to withdraw their bids.

Mr. BRICKER. I thank the Senator from Delaware. That is the question I wished to ask.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. As I understand, a negative vote upholds the position of the committee which reported the resolutions adversely.

The PRESIDING OFFICER. The Senator is quite correct.

Mr. JOHNSON of Texas. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have been ordered.

Mr. THYE. Mr. President——

The PRESIDING OFFICER. In order to make the parliamentary situation doubly clear, the Chair will read the resolution, which was originally submitted by the senior Senator from Minnesota [Mr. THYE], who now is asking for the attention of the Chair. A similar resolution was submitted by the junior Senator from Minnesota [Mr. HUMPHREY]. The resolving clause, which is identical in both resolutions, reads as follows:

Resolved, That the Senate does not favor the sale of the butadiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor 929; and the synthetic rubber (GR-S) facility at Los Angeles, Calif., Plancor 611, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

The Committee on Banking and Currency, to which both resolutions were referred, reported them adversely.

The question is on agreeing to the resolutions, which, by unanimous consent, are being considered together. Senators in favor of the resolutions disapproving the sale of the facilities will vote in the affirmative as their names are called. Senators who oppose the adoption of the resolutions will vote in the negative. Senators who are against the sale will vote "yea"; those who are for the sale will vote "nay."

The clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. MURRAY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I further announce that on this vote the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MURRAY], if present and voting, would vote "yea."

Mr. KNOWLAND. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The Senator from Pennsylvania [Mr. DUFF] is absent on official business.

If present and voting, the Senator from Massachusetts [Mr. SALTONSTALL] would vote "nay."

The result was announced—yeas 39, nays, 48, as follows:

YEAS—39

Anderson	Humphrey	Monroney
Barkley	Jackson	Morse
Bible	Johnson, Tex.	Neely
Clements	Johnston, S. C.	Neuberger
Daniel	Kefauver	O'Mahoney
Douglas	Kilgore	Pastore
Ervin	Langer	Scott
Fulbright	Lehman	Smathers
George	Long	Sparkman
Green	Magnuson	Symington
Hayden	Mansfield	Thurmond
Hennings	McClellan	Thye
Hill	McNamara	Young

NAYS—48

Aiken	Cotton	Jenner
Allott	Curtis	Kerr
Barrett	Dirksen	Knowland
Beall	Dworshak	Kuchel
Bender	Eastland	Malone
Bennett	Ellender	Martin, Iowa
Bricker	Flanders	Martin, Pa.
Bush	Frear	McCarthy
Butler	Goldwater	Millikin
Byrd	Hickenlooper	Mundt
Carlson	Holland	Payne
Case, N. J.	Hruska	Potter
Case, S. Dak.	Ives	Purtell
Robertson	Smith, N. J.	Welker
Schoeppel	Stennis	Wiley
Smith, Maine	Watkins	Williams

NOT VOTING—9

Bridges	Duff	Murray
Capehart	Gore	Russell
Chavez	Kennedy	Saltonstall

So the resolutions (S. Res. 78 and S. Res. 79) were not agreed to.

Mr. JOHNSON of Texas. Mr. President, I now call up Senate Resolution 76.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Secretary will state the resolution.

The legislative clerk read the resolution, as follows:

Resolved, That the Senate does not favor sale of the facilities as recommended in the report of the Rubber Producing Facilities Disposal Commission.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Under the unanimous-consent agreement, how much time is allotted to the majority leader and to the minority leader?

The PRESIDING OFFICER. Three hours of debate is allowed on each side.

Mr. JOHNSON of Texas. Mr. President, I yield 30 minutes to the Senator from Oregon [Mr. MORSE].

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MORSE. Because of the limitation of time—and I shall have to ask the majority leader for additional time—I must refrain from yielding now. I shall be glad to yield after I have concluded my remarks.

Mr. President, any appraisal of the situation confronting us would be inadequate if we failed to consider a statement attributed to an officer of one of the big rubber companies:

Production of any basic material is big business.

This quotation was taken from the Wall Street Journal of March 11, 1954.

Two things should be clear from this statement made by an expert in the field: One, we are dealing with an economic area in which only big business can operate readily—note that I do not say efficiently. It is an area in which a great capital investment is needed and only the big corporations have that capital readily available. Two, rubber is a basic material.

During the hearings on this rubber matter I have come to wonder if some of us really understand how basic a material rubber is. The most lucid short statement on this point that I have found comes from the report submitted by the Reconstruction Finance Corporation to the Senate Committee on Banking and Currency during the Committee's 1953 hearings on the Rubber Disposal Act. This same report contains an excellent summary of the history of the development of the synthetic rubber industry in this country. Let me quote parts of that report dealing with both these matters:

In the short span of 50 years, rubber has become one of the most vital raw materials in the modern world, essential to the social and economic structures of all but the least developed nations. The easy mobility of people and materials, essential to the functioning of modern industrial economies, depends upon rubber. The flow of modern commerce would be impossible without rubber tires and tubes for automobiles, trucks, airplanes, buses, agricultural machinery, and even bicycles. Advanced experimentation in road-building using rubber compounds for surfacing promises another bulk use. Vital as mobility is to the civilian economy, it is the very foundation of our military might. In a day when modern warfare is keyed to speed and striking power, the rubber tire is as important an item of military inventory as the airplane, the tank or the gun.

Although more than two-thirds of the United States annual consumption of rubber is for transportation items, there are also a host of other vitally important products made in whole or in part of rubber. Conveyor belting, medical supplies, footwear, insulation for power and communication lines, rubber components of engines and machines are all indispensable in modern technology.

Now let us turn to the history of the development, Mr. President:

The facilities in the synthetic rubber program were built by the joint effort of the Government and private industry. Financing of the program, requiring a capital outlay of almost $700 million, was undertaken exclusively by the Government which provided also overall supervision, planning, coordination, and control. Design and construction of the individual plants was assigned to a number of rubber, petroleum and chemical companies who have, for the most part, continued to operate them for the Government's account on a fee basis. Agreements for patent pooling and the exchange of information were entered into so that the individual operators of the styrene, butadiene and copolymer facilities could have the benefit of all of the technological information and operating know-how developed throughout the program.

In all, 51 facilities were constructed. After the close of the war many of these * * * were sold; however, the basic facilities for the production of butyl, butadiene, and GR-S and 1 styrene plant were retained. Since the close of the war, major improvements have been made to the retained facilities, adapting them to process improvements and increasing their versatility and productive capacity. The rubber program today consists of 29 facilities * * *. They represent total annual capacities of 860,000 long tons of GR-S and 90,000 long tons of butyl rubber.

Mr. President, let me summarize some of the pertinent points contained in these statements just quoted: First, rubber is essential to the war- and peacetime functioning of our economy; second, the synthetic-rubber industry was developed through the splendid and efficient cooperative efforts of Government and private industry; third, the cost of developing this huge industry—$700 million—was borne by the taxpayer.

This, then, leads me to the next point that we must bear in mind in considering whether or not to vote favorably on the Rubber Facilities Disposal Commission's report. That point is that we are disposing of an asset created and always owned by the people of the United States. The people are selling their property. As their representatives, we enacted the Rubber Disposal Act of 1953, laying out in some detail the manner in which this asset should be sold. As the owners of the plants, the people had the right to determine the terms and conditions of the sale. I would remind each Member of this body, Mr. President, that, in casting his vote on this proposed sale, he has the duty to see that the terms and conditions that the people laid down are rigidly adhered to. Any doubt should be resolved in favor of the people.

The attitude that the action we are considering is merely a returning to private enterprise that which belonged to it in the first place has no applicability here. In committee, I gathered from the comments of some of my colleagues—Republican and Democratic—that the thing to do was to get out of the rubber business as quickly as possible, even though the present plan for selling the industry is not all that it might be. Let it be understood, Mr. President, that I, too, favor getting the Government out of the rubber business, but I do not favor giving Government the "business" in so doing.

I reiterate, we are selling a huge public business that is manufacturing a basic product upon which our Nation is utterly dependent. We must be absolutely certain that the payment received is adequate and that the sale will not create a situation which will later do the people great harm.

In order to be fully prepared to judge the merits of the report submitted by the Rubber Facilities Disposal Commission, we should understand some of the underlying ramifications involved in the decision of the people to sell their rubber plants. They are fully aware of the fact that they are selling an important, successful, and tremendously profitable business to private enterprise. They know that businessmen, big and little, have testified to the excellent job done by the Government in the synthetic-rubber field; that the quality of the product has been superior; that the supply has been well and fairly distributed; and that the price has been uniformly low.

But our long tradition of keeping Government out of business and the constantly repeated claims of private enterprise that it can do the job more efficently, in all ways, than the Government have caused the majority of our people to decide that the sale of their rubber plants would be a proper thing.

But remember that the history of Government operation of these plants stands as the yardstick against which the operation by private enterprise will always be judged.

What does all this mean to the Senate, Mr. President, and to those corporations seeking to buy these facilities? In very simple terms it means that both the Senate and the prospective purchasers had better keep faith with the people who have entrusted them with this important task.

If these plants are sold, and the private-enterprise operation of the rubber plants fails to measure up, there is trouble in store. The people are going to be stung only once in this type of transaction.

I would say to private industry: If you want to purchase other public assets, be certain that you play fair here. I would say to those who have a well-established practice of going about throwing the term "socialism" hither and yon as a substitute for trying to constructively resolve difficult economic problems, that they will be laying the cornerstone for real honest-to-goodness socialism—and not the semantical kind—if they do not see that the people's interests are protected here. Does anyone really think that our people will try such an experiment again if this one goes sour?

Mr. President, what I am saying will, of course, be little heeded by those always in a great rush to take care of the interests of the poor, struggling billion-dollar corporations that they so well represent. I repeat to them: If you really want to serve your corporate friends well, go easy here. Do not forget, the people of the United States own another great asset that private industry is casting covetous eyes upon—atomic energy. If the people, through their Government, decide to keep that asset public, because of the treatment accorded them after the sale of these rubber plants, you shortsighted defenders of what you think is private enterprise will have real cause to wail and gnash your teeth.

The production of synthetic rubber is a big and costly operation; it is big business. The Reconstruction Finance Corporation report from which I quoted previously makes this point very well and draws out all the implications that rise from it. I quote:

It must be recognized at the outset that small business, no matter how broadly that term may be construed, cannot be the instrument by which plant disposal will be effected or competition in the synthetic-rubber industry achieved. The size of the facilities alone would contribute to this result in several ways. Most obviously, capital commitments for plant acquisition would be large. Further, the working capital requirements would range from perhaps $1 million in a typical butadiene plant to perhaps $3 million for a copolymer facility, and the annual output of the plant would require sales in tens of millions. * * *

The most likely purchasers of the synthetic-rubber facilities are the rubber, petroleum, and chemical companies now operating them for the Government's account. Obviously, the desire of the rubber companies to control the source of their raw-material supply, and of the petroleum companies to maintain an outlet for their refinery products, provide an initial incentive to this result. Additionally, the present operators of these facilities have acquired a familiarity with management and operating problems that places them at an advantage over newcomers in the field.

To prove that the author of this RFC report was correct in analyzing what the purchase pattern would be, we need only look to the minority report on Senate Resolution 76, my resolution, and the Rubber Facilities Disposal Commission's report.

Mr. President, I should like to quote these facts from the minority report, and I ask unanimous consent to insert in my speech at this point a table setting out certain facts.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Ownership	Capacity	Percentage of capacity
	Long tons	
Big Four rubber companies (Firestone, Goodrich, Goodyear, United States Rubber)	444,600	57
Other large users: (Armstrong Rubber, Dayton Rubber, Gates Rubber, Mansfield Rubber, Sears, Roebuck & Co., Seiberling Rubber, Dunlop Rubber, American Biltrite Rubber, Endicott Johnson, Goodall Rubber, and others)	93,000	12
Big oil companies (Shell, Phillips, and Standard of New Jersey)	242,000	31
Total	779,600	100

Thus approximately 88 percent of the GR–S and butyl capacity would be in the hands of four large rubber companies and three large oil companies, all of which either fabricate rubber or provide retail outlets for rubber products. The remainder, or approximately 12 percent of capacity, is in the hands of other relatively large rubber fabricators or users. It is from these sources that small-business men must obtain their supply of synthetic rubber.

Mr. MORSE. I wish to restate that for emphasis. The people of the United States should be forewarned that today Congress is selling 88 percent of the GR–S and butyl capacity to 4 large rubber companies and 3 large oil companies. In my dictionary, that spells monopoly. In my dictionary, that places a tremendous obligation on Congress to write into these contracts safeguards which will protect the people from the monopolistic practices of such combines, and insure the small dealers and small producers of the United States a fair share of the supply of the rubber which they need for their plants.

Not a single safeguard has been written into these contracts. That is why, in Senate Resolution 76, I am asking, in effect, for disapproval of the recommendations of the Rubber Commission until Congress lives up to its responsibility to the people of the United States and writes into the contracts the safeguards which will protect the American people from this monopolistic combine.

I say most respectfully that I think this is one of the most shocking pieces of legislation I have ever seen come to the floor of the Senate, from the standpoint of strengthening the grip of the monopolists upon the consumers of America.

I think Congress will betray the economic interests of the American people if it approves these contracts without the safeguards which I shall plead for throughout this speech.

It seems to me that we need not question the fact that most of the prospective purchasers are giant corporations. I mean giant. Billion-dollar corporations are big business by my definition. There are at least 4 corporations in the billion-dollar class represented in the list of purchasers, and another 4 have assets of about one-half billion dollars each.

Having demonstrated that the RFC was right in its prediction concerning the size of the corporations that would buy, let us examine the correctness of their prediction that the purchasers would come from the rubber, chemical, and petroleum industries, and that most of the purchasers would be in some way already connected with the operations of the plants to be sold. It is plain that most of the purchasers are rubber, chemical, or petroleum companies, or varied combinations of these 3. They are Firestone, Goodrich, Goodyear, U. S. Rubber, Shell, Phillips, and Standard Oil of New Jersey.

These are the great monopolistic combines of the United States, having records of antitrust violation after antitrust violation. That is the legal history of these rubber companies. On the record, they have a legal history of being combinations in restraint of trade. They have a legal history of proceeding to do tremendous damage to the economic interests of the American people.

Where are the safeguards in these contracts against these giant monopolies? There are none. I repeat: There are none. That is why we are hearing protests from the rubber producers of the United States. That is why we are hearing protests from increasing numbers of consumers in this country. I intend to place a group of these communications in the RECORD as I close my speech.

The sad fact is that Congress is not writing monopolistic controls and checks into these contracts to protect the consumers of the United States.

A quick survey of the Rubber Commission's report reveals that all but one of the copolymer facilities are being sold to companies presently operating them. In the exception, the Los Angeles plant, the world-encircling Shell Corp. takes over and squeezes out the relatively small Midland Rubber Corp. I ask unanimous consent to insert the Rubber Commission's own tables in the RECORD on this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

APPENDIX A

Copolymer (GR–S) plants

Purchaser	Present operator	Location	Price	Terms	Gross book value Aug. 31, 1954	Net book value Aug. 31, 1954	Assigned annual capacity	Product available to small business
							Long tons	
Copolymer Corp	Same	Baton Rouge, La. (Plancor 876).	$5,000,000	25 percent on closing date.[1]	$9,268,331	$3,397,432	49,000	10 percent.
The Firestone Tire & Rubber Co.	Same	Akron, Ohio (Plancor 127).	2,250,000	25 percent on closing date, balance in 10 equal annual installments.	7,452,230	2,138,181	30,000	20 percent.
Do	Same	Lake Charles, La. (Plancor 1056).	11,650,000	do	16,427,973	6,794,918	99,600	Do.
Goodrich-Gulf Chemicals, Inc.	B. F. Goodrich Chemical Co.	Port Neches, Tex. (Plancor 983).	13,000,000	do	22,049,192	8,034,950	90,000	Approximately 15,000 long tons per year.
Goodyear Synthetic Rubber Corp.	Same	Akron, Ohio (Plancor 126).	2,075,000	do	7,964,319	3,076,797	15,200	10 percent.
Do	Same	Houston, Tex. (Plancor 956).	11,889,000	do	15,503,797	5,982,370	99,600	Do.
American Synthetic Rubber Corp.	Kentucky Synthetic Rubber Corp.	Louisville, Ky. (Plancor 1278).	2,340,000	25 percent on closing date.[2]	8,982,730	4,970,401	44,000	4,000 to 15,000 long tons per year.
Shell Chemical Corp	Midland Rubber Corp.	Los Angeles, Calif. (Plancor 611).	[3]	25 percent on closing date, balance in 10 equal annual installments.	15,809,998	7,238,195	89,000	Percentage in line with proportion they represent of total market.
Phillips Chemical Co	Same	Borger, Tex. (Plancor 982).	4,525,000	Cash	11,534,086	4,637,707	63,000	Major portion.
United States Rubber Co		Naugatuck, Conn. (Plancor 129).	3,200,000	35 percent on closing date, balance in 10 equal annual installments.	10,403,505	3,328,285	22,200	50 to 60 percent to small-business enterprises and other users.
Texas-United States Chemical Co.	United States Rubber Co.	Port Neches, Tex. (Plancor 983A).	11,500,000	25 percent on closing date, balance in 10 equal annual installments.	14,778,074	6,558,312	88,000	20 percent.

[1] 3 percent 1st year, 3 percent 2d year, 7 percent 3d year, 8 percent 4th year, 10 percent 5th year, 12 percent 6th year, 14 percent 7th year, 14 percent 8th year, 14 percent 9th year, 15 percent 10th year.

[2] 2 percent 1st year, 2 percent 2d year, 2 percent 3d year, 8 percent 4th year, 8 percent 5th year, 15 percent 6th year, 15 percent 7th year, 16 percent 8th year, 16 percent 9th year, 16 percent 10th year.

[3] Price of $30 million includes this plant as well as styrene plant (Plancor 929) and butadiene plant (Plancor 963) at Los Angeles and Torrance, Calif., respectively.

APPENDIX A—Continued

Butyl rubber (GR-I) plants

Purchaser	Present operator	Plant location	Price	Terms	Gross book value Aug. 31, 1954	Net book value Aug. 31, 1954	Assigned annual capacity
							Long tons
Humble Oil & Refining Co	Same	Baytown, Tex. (Plancor 1082)	$17,500,000	Cash	$24,518,422	$5,452,105	43,000
Esso Standard Oil Co	do	Baton Rouge, La. (Plancor 572)	14,857,000	do	27,977,434	6,416,161	47,000

Butadiene plants—Petroleum

Purchaser	Present operator	Location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity	Disposition of product
							Short tons	
Petroleum Chemicals, Inc. (Cities Service Co. and Continental Oil Co.).	Cities Service Refining Corp.	Lake Charles, La. (Plancor 706).	$16,000,000	Cash	$18,702,207	$3,511,613	63,000	To adjacent copolymer plant.
Copolymer Corp	Same	Baton Rouge, La. (Plancor 152).	5,000,000	25 percent on closing date.[1]	7,780,541	1,108,308	23,000	Do.
Humble Oil & Refining Co	Same	Baytown, Tex. (Plancor 485).	8,886,000	Cash	19,288,496	3,248,449	46,000	80 percent to copolymer plants at Louisville and Baton Rouge.
Goodrich-Gulf Chemicals, Inc. (B. F. Goodrich Co. and Gulf Oil Corp.). Texas-U. S. Chemical Co. (the Texas Co. and U. S. Rubber Co.).	Neches Butane Products Co. (the Texas Co.; Gulf Oil Corp.; Atlantic Refining Corp.; Pure Oil Co.).	Port Neches, Tex. (Plancor 933).	[2] 53,000,000	25 percent on closing date, balance in 10 equal annual installments.	59,821,029	10,320,325	190,000	Approximately 43,000 short tons available on open market.
Phillips Chemical Co	Same	Borger, Tex. (Plancor 484).	19,100,000	Cash	41,585,365	5,919,405	74,000	To adjacent copolymer plant.
Food Machinery & Chemical Corp.	Sinclair Rubber, Inc.	Houston, Tex. (Plancor 1063).	24,197,000	25 percent on closing date, balance in 10 equal annual installments.	31,879,360	6,607,873	90,000	Do.
Shell Chemical Corp	Same	Torrance, Calif. (Plancor 963).	(3)	do	20,672,471	3,268,073	48,000	Do.
Standard Oil Co. of California	Same	El Segundo, Calif. (Plancor 1593).	1,500,000	Cash	7,832,371	715,488	[4] 50,000	Butadiene to copolymer plants or butadiene-butylene mixture to butadiene plants.

[1] 3 percent 1st year, 3 percent 2d year, 7 percent 3d year, 8 percent 4th year, 10 percent 5th year, 12 percent 6th year, 14 percent 7th year, 14 percent 8th year, 14 percent 9th year, 15 percent 10th year.

[2] Each purchaser is to pay 50 percent of this amount for undivided half interest.

[3] Price of $30 million includes this plant as well as styrene plant (Plancor 929) and copolymer plant (Plancor 611), Los Angeles, Calif.

[4] Equivalent butadiene (crude butadiene and normal butylenes).

Butadiene plant—Alcohol

Purchaser	Present operator	Plant location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity
							Short tons
Koppers Co., Inc	Same	Kobuta, Pa. (Plancor 483).	$2,000,000	Cash	$45,584,297	$10,460,580	80,000

Styrene plant

Purchaser	Present operator	Plant location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity
							Short tons
Shell Chemical Corp	Dow Chemical Co	Los Angeles, Calif. (Plancor 929).	(1)	25 percent on closing date, balance in 10 equal annual installments.	$15,154,071	$3,315,119	62,500

[1] Price, $30 million, includes this plant as well as butadiene plant (Plancor 963) and copolymer plant (Plancor 611), Torrance, Calif., and Los Angeles, Calif., respectively

Dodecyl mercaptan plant

Purchaser	Present operator	Plant location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity
							Short tons
United States Rubber Co	Same	Naugatuck, Conn. (Plancor 543).	$60,000	Cash	$383,304	$135,860	2,400

Miscellaneous facilities

Purchaser	Present operator	Location of facilities	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954
Great Southern Chemical Corp	None (in standby)	Corpus Christi, Tex	$300,000	2 percent 1st year, balance over succeeding 9 years in equal quarterly installments.	$1,295,194	$932,131

Mr. MORSE. Mr. President, in summary, then, we have this picture. A small group, 7 in number, of rubber, chemical, and petroleum companies will gain control of more than 88 percent of the synthetic rubber capacity offered for sale by the Rubber Commission. The remaining 12 percent is in the hands of multimillion dollar companies. It is small wonder to me, Mr. President, that the truly small-business man is worried. If my economic survival were absolutely dependent upon my getting an adequate supply of synthetic rubber at a fair price, this sale would worry me, too. I suggest that there is real cause for worry.

I say, Mr. President, that if absolutely nothing else in the Commission's report could be criticized, this concentration of synthetic rubber production in the hands of these few giants could and should be.

This concentration of and by itself should set us to wondering about the outcome of this sale. Wealth is power, and we know that such power has been used in the past and how it has been abused. How supporters of this proposed sale can look at the pattern that this sale makes and still envisage themselves as supporters of the public interest, in voting for the sale, is beyond me.

Let us assume for a moment that the bigness alone does not warrant my conclusion that we have cause for concern. Another element of this proposed sale, when added to the bigness aspect, should begin to cause some concern in most of our minds. My reference is to the vertical integration that will occur if we approve this transaction. Monopoly, vertical or horizontal, is forbidden by the Rubber Act of 1953.

SEC. 17 (3). * * * the recommended sales shall provide for the development within the United States of a free, competitive, synthetic rubber industry, and do not permit any person to possess unreasonable control over the manufacture of synthetic rubber or its component materials.

The intent of the law is quite clear.

Once again, I would turn to the RFC report—this time for a statement on why vertical integration is bound to be the result from this sale.

Following the RFC's comments that the oil, chemical, and rubber companies presently operating the plants would continue to do so come these words:

The likelihood that disposal will in large part follow this pattern is enhanced by the circumstance that many of the facilities are dependent for their efficient operation upon adjacent facilities owned by the present operators which were never part of the Government program. Such dependence rests upon feedstock supply in the case of the butyl facilities and several of the butadiene plants, and in some instances, upon the supply of essential utilities such as stream, electricity, or water.

A major problem in disposal will be the establishment of satisfactory arrangements between suppliers of butadiene and copolymer plant owners. While other large scale uses for butadiene may develop, should an adequate supply become available, thus far its only large scale use is in rubber synthesis. Thus, a butadiene plant will prove an attractive investment only if there is a copolymer plant outlet for its product; a copolymer plant, similarly, is valueless without a butadiene supply. It may be expected, therefore, that a purchaser would deem it a necessary prerequisite to a definitive commitment for the acquisition of either type of facility that he have an assured outlet or source of supply, as the case may be.

A butadiene plant is similarly dependent upon feedstocks, in this case butane or butylene, which are petroleum refinery products. Thus, a prospective purchaser of a butadiene facility must be assured of a butane or butylene supply to match any commitments which may have been made to supply butadiene, commitments which, it has been indicated, are likely to prove necessary if copolymer facilities are to be sold; for this reason, the purchaser interest for the major butadiene facilities will almost certainly be confined to petroleum refiners.

Disposal of the facilities, whether to present operators or others, is likely to have the effect, therefore, of fostering a tendency toward industrial integration. Moreover, the situation which has been outlined in regard to feed stocks may reinforce this tendency, and carry it a step further. Many of the butadiene facilities have as their logical market an adjacent copolymer facility, and the copolymer plant in turn is dependent for its operation upon a supply of butadiene which may best be assured from the adjacent butadiene facility. This mutual independence may, in certain instances, create an occasion for integration of both the butadiene and copolymer facilities with a rubber fabricator or, for that matter, with a petroleum enterprise.

The RFC predicated its assumption that industrial integration would result in the sale of the rubber plants upon the sound premise that integration was inherent in the nature of the industry.

I should like to develop that premise a little so that it will be quite clear. The petroleum and chemical industries are the suppliers of the materials that are used in making synthetic rubber. For example, and this is only meant to be illustrative and not exhaustive, butadiene is one of the major components used in making synthetic rubber. Butylene and butane are the feedstocks from which butadiene is produced. Butylene and butane are products of the petroleum-chemical industry. What would be more natural than for these companies to want to get into some phase of the rubber business?

Rather than recite who purchased which plants, I ask unanimous consent to insert in the RECORD a table showing those figures. As the table shows, there is formal vertical integration in five instances.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Copolymer plants (13 offered and 12 sold)

Plancor No.	Location	Annual capacity (long tons)	Purchaser	Remarks
126	Akron, Ohio	15,200	Goodyear Synthetic Rubber Corp. (present operator).	Also bought copolymer plant 956 in Houston, Tex.
127	do	30,000	Firestone Tire & Rubber Co. (present operator).	Also bought copolymer plant 1056 in Lake Charles, La.
129	Naugatuck, Conn	22,200	United States Rubber Co. (present operator).	Also bought copolymer 983-A in Port Neches, Tex., and DDM plant 543 in Naugatuck, Conn.
611	Los Angeles, Calif	89,000	Shell Chemical Corp	Best offer of both individual and combined bids for these 3 plants.
876	Baton Rouge, La	49,000	Copolymer Corp. (present operator).	Also bought butadiene plant (152) in Baton Rouge.
956	Houston, Tex	99,600	Goodyear Synthetic Rubber Corp. (present operator).	Also bought copolymer plant 126, in Akron, Ohio.
982	Borger, Tex	63,000	Phillips Chemical Co. (present operator).	Only offer for these 2 plants.
983	Port Neches, Tex	90,000	Goodrich-Gulf Chemical, Inc. (present operator-affiliate).	Also bought butadiene (petroleum plant 933 in Port Neches, Tex.).
983A	do	88,000	Texas Co. and United States Rubber Co. (present operator-affiliate).	Also bought copolymer plant 129 and DDM plant 543, both in Naugatuck, Conn.
1056	Lake Charles, La	99,600	Firestone Tire & Rubber Co. (present operator).	Also bought copolymer plant 127, in Akron, Ohio.
1278	Louisville, Ky	44,000	American Synthetic Rubber Corp.	Combination of 21 smaller companies, rubber users.
827	Baytown, Tex	122,000	General Tire & Rubber Co. (present operator).	
	Institute, W. Va	122,000		

Mr. MORSE. Mr. President, there are some other forms of vertical integration that I also want to bring to the attention of the Senate. To me, they represent one of the most serious aspects of this whole proposed sale.

The Commission's recommendation that Shell Chemical Co.'s offer for the three Los Angeles plants be accepted presents examples of formal and informal vertical integration. The formal integration lies in the fact that Shell Petroleum is the parent company of Shell Chemical. Shell Chemical purposes to purchase the only copolymer rubber plant west of Texas, a butadiene and a styrene plant.

The informal integration completes the picture started by the formal one. Shell Chemical has entered or is negotiating rubber sale contracts with Goodyear and Firestone tire companies which will fabricate that rubber in their west coast tire plants. Shell Petroleum Co. has entered still other agreements with the Goodyear and Firestone companies whereby they will pay Shell Petroleum a promotion fee—known as a good commission—for inducing the 22,700 gas-station dealers selling Shell Petroleum products to buy Firestone and/or Goodyear tires. And they had better buy them or get ready to go out of business. They had better buy them or get ready for this vertical monopolistic squeeze that is going to be put on them. They had better buy them or they will find themselves in the plight in which some of the dealers of my State have already found themselves. They had better buy them or get ready to fight Shell in the Federal courts in antitrust suits, and then find, after winning the case, that the company will end up with a $5,000 slap on the wrist, and that is all. The Congress should protect the people of the country from monopolistic combines. The responsibility for this rests on the heads and shoulders of every Member of Congress. Until we get busy and perform our public duty of revising the antitrust laws, we really have no right to draw a contract. Certainly we have no right to do it until we at least write into the contract some protection to the little dealers, the little-business men in the towns of our States who are going to be caught in this monopolistic deal.

I speak advisedly when I say that this is a move toward economic fascism in America by big monopoly. I repeat it because I defy anyone to find a more descriptive term for what the Congress of the United States is approving today. It is economic fascism by American monopoly that the Congress is underwriting. What is the basic characteristic of fascism? Liquidate the little fellow. Liquidate the one who opposes those in power. This is economic fascism by American big business, and it is going to be underwritten by the Congress of the United States. It is going to take, I fear, a great amount of time for the American people to understand that, but when the American people come to understand what is written into these contracts, the Congress of the United States is going to hear from the American people, and it is well that it does.

I am shocked, Mr. President, by the failure of the Congress to write into these contracts any protection for the people of the country. As the distinguished Senator from Georgia [Mr. GEORGE] pointed out, the failure to put a recapture clause in the contract plays right in the hands of the "big boys." But there is no recapture clause contained in the contract. If one checks back, as the Senator from Georgia, with that penetrating mind of his, pointed out, he will find that the price by the "big boys" will be increased. They have told us frankly in the record they are going to increase the prices. They have only to increase the price by 5 cents a pound, and by that increase they will regain the full price in 2 years. And Congress is underwriting that.

The difficulty is that the question involves so many abstractions and so many economic problems that the man in the street is not going to understand it. He is not going to understand it until he is hurt. Then he is going to rebound with political reprisals. That is not good for the country, either. It is a situation which should be avoided and could be avoided if, in keeping with our clear duty, we wrote into the contract provisions that will protect the people of America.

It is quite plain to me that there is a chain from the petroleum-chemical end of this arrangement to the sale of the tires to the "independent" gas station dealers some of whom are today suing the Shell Co. in the District Court of Portland, Oreg., for discriminatory practices which are driving some small stations out of business.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I ask for 20 additional minutes.

Mr. THURMOND. I yield the Senator time.

Mr. MORSE. I shall take 20 minutes.

Mr. President, Shell is not alone in its efforts to secure a captive market for its rubber. The Copolymer Corp., consisting of Sears, Roebuck, Armstrong Rubber Co., Armstrong Rubber & Manufacturing Co., and several other small rubber companies is doing about the same thing.

The sale, as presently proposed, allows United States Rubber and the Texas Co. to combine in the rubber field. Texas-United States Chemical Inc., is wholly owned, 50 percent each, by United States Rubber and the Texas Co. Dupont Corp. and General Motors control United States Rubber. United States Rubber, through the Atlas Supply Co., sells tires to Standard Oil stations.

That is why, as one drives his car into a Standard Oil station and asks to buy a tire, he is offered an Atlas tire. Those little Standard Oil stations had better offer its customers Atlas tires, because if they do not, they will soon find themselves without a lease to sell Standard gas. That is the way it works in the squeeze play. And we are doing nothing to give protection to the American people.

I want to say, Mr. President, that none of these three arrangements fits my idea of competition. It takes very little imagination to foresee some of the possible consequences of allowing these sales to go through.

It is not my intention to go into an elaborate discussion of the number of times that many of these corporations have been found guilty of antitrust violations for price fixing and other noncompetitive practices. I do want to say, though, that some of them have been violators many times over. We should take that history into cognizance in deciding upon whether or not such companies can be trusted in the future.

Judge them by the past, and, as far as the antitrust laws are concerned, their past record is that of an economic outlaw in the field of restraint of trade.

Their record is that of economic outlaws, time and time again injuring, by their monopolistic robbery, the economic welfare of the people of the Nation as a whole.

Mr. President, in these proposed contracts we are being asked to approve, on the recommendation of the Rubber Commission, we are simply strengthening the monopolistic stranglehold of these combines over the economy of the Nation. That is why I say it is a shocking and a sad thing. How sad it is that with the contracts before us the Congress does not figuratively pick up its pen and write the protections into the contracts.

As I was saying, Mr. President, we should take that history into cognizance in deciding whether such companies can be trusted in the future. In particular, can they be trusted when we are putting temptation before them in the form of permitting integration from raw material to retail outlet?

I suggest, Mr. President, that it should be clear to all that we are being asked to approve vertical integration of big businesses. I think there is little justification for so doing, for creating a monopoly situation, unless we are to have some control over it.

One of the statements I quoted from the RFC report made it clear that, in the opinion of the RFC, small business would not be able to take part in the disposal of the plants. I do not accept that point of view, for I feel that small business could have had a place in the disposal phase of the program. In fact, some small companies or investors, such as the Minnesota Mining Co. and Mr. Edwin Pauley, tried very hard to take part in the disposal phase, but they were forced to face an illegal Shell Corp. bid which put them in a very disadvantageous position.

Be that as it may, let us assume that RFC was right; and let us look at what it offered as an alternative to making it possible for small business to get into the actual production of synthetic rubber.

Following the segment of the report dealing with the fact that industrial integration was bound to result from the sale of these plants, is this statement:

While such developments may not be consistent with popular conceptions of a desirable organization of industry, the hard fact remains that they would not form a new pattern in our economy but rather would conform to already clearly defined patterns. It would be difficult to name a single major industry in which we do not find comparable integration. Steel, copper, aluminum, automobiles, to name but a few, are thus characterized. On the other hand, it must be acknowledged that there have grown out of this pattern instances of trade practices detrimental to effective competition; therefore, while a disposal program may well follow this pattern of industrial organization, it must be fashioned with sensitive regard for these problems and provide safeguards against the difficulties of which we are forewarned.

In the light of what has been said, it is apparent that, among others, two basic problems present themselves for solution if a climate for effective competition in the new industry is to be assured. The first is to assure such diffusion of capacity (butadiene, styrene, butyl, or copolymer) among a number of purchasers so that all may function efficiently and yet so that none of them stands in so strong a position as to dominate the field.

A second basic problem is to develop, for rubber fabricators generally, a truly competitive source of synthetic rubber supply. This would not be provided if the pattern of disposal were so to allocate the plants that their output would be wholly captive to the demands of their owners, as fabricators, for synthetic rubber.

The Rubber Disposal Act of 1953 adopted the essence of RFC's views that I have just quoted. In an attempt to control monopoly at the production level, Congress enacted section 17 (3), which was designed to create a free competitive synthetic rubber industry in which no person would possess unreasonable control over the manufacture of synthetic rubber.

To achieve a truly competitive source of synthetic rubber supply, the second point made by the RFC, Congress passed section 17 (1) which, in substance, states that small-business enterprises and other users not purchasing any of the facilities should obtain a fair share of the end products of the facilities sold and at fair prices.

If I thought, Mr. President, that the Rubber Commission had achieved the intent of section 17 (3), I would not have voiced the fear that uncontrollable vertical integrations of giant corporations will result if we confirm this sale.

In fact, Mr. President, if I thought the Rubber Commission had achieved the intent of section 17 (1), I would be satisfied with the nature of the proposed sale itself. My point is this: If the sale, as recommended by the Rubber Commission, did assure that there would be a fair distribution of the synthetic rubber at prices that those not buying the facilities, or in no way connected with these buyers, could afford to pay, I would not be concerned over the monopoly inherent in the situation we are considering. Monopolies are effective in so long as they can control supply and/or price.

The blunt question we must consider is this: Will the rubber fabricator who does not purchase one of these plants be in a competitive position with the rubber-fabricating company which is connected, either directly or indirectly, with the purchaser of a rubber facility? My answer to that question is an unequivocal "No." I shall state my reasons for arriving at that answer.

Two elements are involved in that answer: One, the economic position of small-rubber fabricators, when considered in relation to that of the giants who are buying into the rubber business; two, the nature of the Rubber Act itself and of the contracts the Rubber Commission is asking us to approve.

In their telegrams or telephone calls to me, these small fabricators bring out these facts: Their main concern is that they will not be able to pay the price asked by the prospective rubber-plant purchasers and still stay in a competitive position with the big operators. As an example, suppose that X, a large rubber company, or one of its subsidiaries, makes overshoes; and suppose that Y, a small fabricator, does the same. Y must buy his rubber from X. He must pay X's price, or else go without rubber.

Y has only one point of profit, namely, when he sells his finished product to a wholesaler. But X has several points at which he can make a profit from his integrated operation. There is a possible profit in the raw materials that go into making, let us say, butadiene. A profit could be made on the butadiene when it is sold to the rubber plant part of the combine.

Mr. President, these boys are great fellows at selling to themselves; they engage in such economic sleight-of-hand performances. But a small operator pays not only the profit he has to pay in buying the end product, but also each of the other profits the big fellows charge for their operations leading up to the manufacture of the end product, in connection with their corporate structure. There could be profit on a sale of the rubber to the fabricating part of the integrated unit, and there is the chance for profit when the finished product is sold.

At any point, or several points in this line, X could forego a profit, and the end result would be that rubber could be sold at a lower price to the fabricating part of the combine than to Y. Therefore, says Y, the small fabricator, "I am not in a competitive position with X's fabricating unit. These contracts do not leave me in a competitive position."

But, Mr. President, one of the mandates of the law is that this operation shall promote competition, not stifle it.

Another serious disadvantage that the small fabricator suffers, in relation to the large company, is his lack of reserve capital. His operations are, of necessity, hand to mouth. He can only buy a small amount of rubber at a time. Generally, each month or so he goes to the warehouse for his rubber, and fabricates it immediately. With the money he gets from the finished product, he then buys more rubber. He is always operating on a slim margin, and he cannot withstand any long delay in getting his rubber, without going "broke."

But, Mr. President, you should listen to some of the telephone calls I receive these days, and you should read the telegrams I receive from the small fabricators. They telegraph to me that, "The 'squeeze' will be put upon us, in that we will not get the rubber during the small period of time in which we must get it if we are to remain in business."

The "big boys" know that, Mr. President; they know how to keep the little fellows shackled and yoked. They also know pretty well how to keep them silent. That is why so many call me and say, "I must talk with you, Senator, in the strictest confidence. Please do not mention my name on the floor of the Senate, because if you do, I will be squeezed out of business."

It is a frightening thing in America. It is economic fascism. It is the device of economic liquidation. It is the control of this sphere of the economy by monopoly. Are we to sit here and do nothing? We represent a free people who are entitled to the protection of their economic freedom of choice. Are we going to sit here and do nothing to protect them? If we follow that course of action, I pray that we hear from them in 1956 by the defeat of those who vote today in favor of vertical integration, who vote today for economic fascism in America by American monopoly.

We may as well "lay it on the line" in the days ahead, because one of the biggest issues of that campaign will be whether or not we are going to turn all the American economy over to the stranglehold of American big business, or whether we are going to protect our system of competitive enterprise for the small-business man and the consumers of this country.

Mark what I say today. This debate involves an abstract subject. This debate involves complex economic principles; but the people will come to understand what those principles mean when applied to their economic welfare. Here we have a series of contracts with no protection in them anywhere for competitive enterprise so far as the small fabricator is concerned. He is pleading with us in the hope that it is not too late for us to rise to our responsibilities and write into these contracts some protection for the small fabricator.

The small fabricators are very much worried by another situation. They tell me that the prospective purchasers of the Government's rubber plants will not make any commitments as to the price, amount, place or time of delivery of the rubber that will be produced after they take over the plants. One small operator called me and implored me to try to do something about this problem. He told me that a delay of 6 weeks in his rubber supply would bankrupt him, even if the price did not rise. And he has already been told, by the representatives of the big rubber companies that there will be a price rise. Even before they get the plants in their hands they are telling the little fellow, "We are going to increase your price." He is not told, however, what the amount of the increase will be.

Mr. President, we simply must try to do something to protect these small businesses. They are basic to our economy. We could not have such a fine economic system if they did not exist. Would it be so unthinkable to delay this sale, temporarily, until we make changes in the law or the contracts of sale to protect these deserving people. These men are free enterprisers, too. They have every right to share in the benefits as well as the burdens of this disposal program. Their taxes helped build the synthetic-rubber industry. Has the day come when they do not count? I say to my friends across the aisle, what will you do for these businessmen? If the Republican Party is not the party of big business, its representatives in the Senate should have no qualms about supporting these small-business men.

Free enterprise does not mean freedom for the great capital aggregations to snuff out the small-business man. Competition presupposes the physical ability to compete. It may be romantic to think in terms of the small man fighting his way to the top, but it is unrealistic in the present context.

Mergers are the order of our day. There has been a greater trend toward monopoly in America during the past 2 years than during any other 2-year period in the past half century. We need to ponder that statement. Do Senators think I am not talking about a real threat to economic threat in America? Take a look at the growing merger trend. Take a look at the growing monopolistic control in America during the past 2 years, the like of which has not been seen in any other 2-year period in the past half century. That is what we are talking about today. We are trying to give substance and form to a protective resolution which seeks to prevent the sale of these rubber plants to the detriment of small fabricators, until we can write into the contracts protective safeguards, in support of which I raise my voice today.

We lose more and more independent businessmen every day. The only pile that the majority of these small rubber fabricators will get to the top of, if we allow this sale, in its present form to go through, will be the rapidly growing scrap pile of bankrupted small businesses.

Mr. President, I now turn to the reasons why the contracts negotiated by the Rubber Commission do not protect the interests of those rubber users not buying into the rubber business, or the interests of the country.

The contracts contain this general notion: The rubber plant buyers state that they will sell a certain stated percentage of rubber, at a competitive price, to rubber users not buying plants. Let us assume for the moment that these statements are firm commitments. Let us further assume that they are clear and definite enough to be meaningfully interpreted in a court of law. I hasten to add that I do not believe either assumption is valid. Where do these assumptions leave us, though?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask for 10 more minutes.

Mr. THURMOND. I yield 10 more minutes to the Senator from Oregon.

Mr. MORSE. A contract is nothing but a lot of empty words unless someone can enforce it. Who could enforce the contracts which it is proposed we ratify? Could a small-business man sue under them? It is my opinion that he could not. It is the opinion of the legal staff of the Shell Corporation that he could not.

I should particularly like to have the attention of the three able lawyers in the front row, the Senator from Georgia [Mr. GEORGE], the Senator from Louisiana [Mr. LONG], and the Senator from South Carolina [Mr. THURMOND]. I think I am now putting my finger on one of the worst features of these contracts. Could a small-business man sue under them? It is my opinion that he could not. It is the opinion of the legal staff of the Shell Corporation that he could not. It is the opinion of other legal experts that he could not.

To sue under a contract, one must be a party to the contract, or a third party beneficiary of that contract. The small rubber fabricators do not fit into either category. They have no peg upon which they could hang a suit. The Shell Co.'s legal staff makes this quite clear when, in answer to my question on this point, they said that the only possible action by anyone was an action for an injunction by the United States Government.

Though I am not quite sure what it is that the United States Government could specifically seek to enjoin under these contracts, suppose that it were possible to get a general injunction against the breach of the contracts. Of what value would that injunction be to the small rubber users? After the big company discrimination in the price or supply of rubber had bankrupted him, I am very sure that the small rubber user would be happy to know that the big bad company was to be stopped from doing it again.

If the United States were to sue in behalf of a small business there would be difficulty in proving any priority and, thereby, damages. I point out, Mr. President, that I fully agree with the Shell legal staff when they say that no action for damages could be maintained by anyone. It is idle speculation to talk about the possibility of the Government suing for the small-business man.

It is my opinion, therefore, that we must change either the act or contracts making it possible for any small rubber fabricator to sue if he is injured by the failure of the plant buyers to give him a fair supply of rubber at a fair price. Without a right to sue, other rubber users are left without effective recourse.

Since the United States Government cannot maintain an action for the breach of the parts of these contracts which deal with the regulations between the plant buyers and the other rubber users, we should amend the act or the contracts to provide for a minimum penalty of $50,000 in the event that these contracts are breached.

To prove one's point in a law case one must have facts. One of the great difficulties in the past in suing these giant corporations, whether the suit was by the Government or by the corporation's own stockholders, has been to get enough facts upon which to base a case. To that end, I believe that we should enact legislation which will make it mandatory that these plant buyers make available their corporate books, insofar as those books are related to the production, price, and sale of rubber, for inspection by a duly constituted Government official.

I ask this so that it will be possible for us to check on what is being done by these companies and so that we do not have to go through years-long lawsuits to get a final determination of what the facts are.

Mr. President, it is my belief that if we enact these simple precautions we will go a long way toward assuring continuation of a healthy, competitive synthetic rubber industry. We will have gotten the Government out of the synthetic rubber industry and turned it over to private enterprise. But we will not be putting the consumers of this country at the mercy of corporations that have in the past proved their inability to recognize a public trust. We will also have afforded some measure of protection to those users of synthetic rubber who have not purchased any of these plants. As I have stated before, they have a very definite place in our economic sun. It is my intention to see that they are not placed under a cloud and forgotten.

I think that the past history of some of the corporations with which we are proposing to do business very definitely warrants our taking these precautions on behalf of consumers and of small rubber fabricators. At this point, Mr. President, I would ask unanimous consent to insert in the RECORD some material compiled by Congressman EMANUEL CELLER showing the antitrust action history that some of these corporations have.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

There are some antitrust and small business facets in the rubber-producing facilities disposal program which I should like to comment upon.

1. In *United States* v. *Rubber Manufacturers Association et al.*, the Big Four, Firestone, Goodrich, Goodyear, and United States Rubber Co., plus Dayton, Seiberling, and others, were charged with combination and conspiracy in restraint of trade in tires and tubes, from 1935 to 1947. They pleaded nolo contendere, and were fined $5,000 each.

2. In *United States* v. *The Metropolitan Leather & Findings Association, Inc.*, in 1948, Goodyear and others were charged with price fixing in rubber heels and soles, and were fined.

3. In *United States* v. *United States Rubber Co. et al.*, U. S. Rubber and Dunlop Rubber Co., Ltd. were charged in 1948 with illegal cartel arrangements in latex; they took a consent decree in 1954.

4. In *United States* v. *Sears, Roebuck & Co., et al.*, filed in 1952, Sears and Goodrich were held to be in violation of the Clayton Act by having a common director; he later resigned from the board of Sears.

5. In two 1950 cases, one civil, one criminal, both known as *United States* v. *Association of American Battery Manufacturers*, Sears, Firestone, Goodrich, Goodyear, and others, were charged with price fixing and exercise of monopoly power to exclude competitors, among other things. They pleaded nolo contendere to one count in the criminal case, and took a consent decree in the civil case.

6. In *United States* v. *National City Lines, Inc., et al.*, also two cases filed in 1947, Firestone, Phillips, Standard Oil of California, and others, were charged with conspiracy, restraint, and monopolization of trade in the sale of buses, petroleum products, and tires and tubes. The charges went back to 1937. In the criminal case, the jury found them guilty on one count in 1949. The civil suit, involving injunctions against future violators, was still unsettld in 1954. Regulation of trade by lawsuit is sometimes a slow business.

7. Three Canadian antitrust cases are very enlightening. These are:

Regina v. *Goodyear Tire & Rubber Co. of Canada, Ltd. et al.* (mechanical goods);

Regina v. *Firestone Tire & Rubber Co. of Canada, Ltd. et al.* (tires); and

Regina v. *Dominion Rubber Co., Ltd. et al.* (rubber footwear).

In the first case, Goodyear, Goodrich, Dominion (the Canadian subsidiary of United States Rubber), Dunlop, and one other, pleaded guilty to conspiring to prevent or lessen competition from 1936 to 1952, and were fined $10,000 each. In the tire case, Firestone, Goodrich, Goodyear, Dominion, Dunlop, and others, pleaded guilty to charges covering the period 1937 to 1952. They were fined $10,000, the then maximum fine, which the judge noted was wholly inadequate. The prosecutor estimated the companies had illegally extracted $1,300,000 a year for the 15 years they admitted operating the tire combine. The companies are reported to have replied that they were forced to band together for mutual protection during the depression. Banding together for mutual protection could be much more profitable in the United States, particularly if they own the GR–S plants which they now seek.

Dominion and Goodrich and others pleaded guilty in the footwear case and were fined $10,000. The charges included identical product specifications and identical prices.

Canada has now removed the top limit on antitrust fines, permitting the court to assess such fines as the cases warrant. This should be a much greater deterrent than our $5,000 maximum fine.

In the *Regina* v. *Firestone* case, the Canadian High Court said as follows:

"Between the 1st day of January 1937 and the 31st day of October 1952, within the jurisdiction of this honorable court, they" (the defendants) "did unlawfully conspire, combine, agree, or arrange together and with one another to unduly prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation, or supply in * * * the Province of Ontario * * * and elsewhere in Canada * * * of * * * rubber tires (casings) and rubber tubes for passenger vehicles, trucks, and buses, agricultural and road implements, and tractors and related products including tire and tube accessories, automotive accessories, and tire repair and retread materials, and did thereby commit an indictable offense contrary to the provisions of the Criminal Code, section 498, subsection 1 (d).

"Each of the accused corporations entered a plea of guilty and thereupon evidence was presented by the Crown to establish in a general way the nature and extent of the operations of these companies which resulted in this prosecution.

"In the view I entertain the maximum penalty of $10,000 provided by the code is wholly inadequate to meet the ends of justice, even as a punishment to the least of these offenders. This law has been in force for over 50 years and its provisions are, or should be, well known to the businessmen of this country. Their actions were cold-blooded, calculated, and deliberate violations of the law of the land and call for as severe a penalty as can be imposed within legal limits, both to mark the Court's condemnation of the enormity of the offense from the standpoint of punishment, and for its deterrent effect upon other potential offenders. It is the sentence of this Court that each of the accused shall pay a fine of $10,000 and that they be condemned to pay the costs incurred in and about the prosecution and conviction for the offenses of which they have been convicted, forthwith after taxation thereof."

In the case of *Regina* v. *Dominion Rubber Company, Ltd. et al.*, the High Court of Ontario said:

"There were countless meetings and agreements among representatives of the accused and their coconspirators at which an elaborate system of classifying their commodities was arranged, identifying them by common number. * * * A casual study of the analysis of common prices which resulted from these agreements, filed as exhibit A-3, will reveal how well they succeeded in maintaining an identical price level."

Now, let us take some of the cases against the oil companies who were successful bidders.

Standard Oil Company of New Jersey, which controls both Esso Standard Oil Co. and Humble, was charged in 1942 with conspiracy with I. G. Farbenindustrie in two cases involving synthetic rubber. They pleaded nolo contendere in one case and took a consent decree in the other.

Several oil companies involved in the bidding for the synthetic rubber plants were also involved in losing two cases filed in 1936. *United States* v. *Standard Oil Co. (Indiana)*, a price-fixing case, was appealed to the Supreme Court under the name of *United States* v. *Socony-Vacuum Oil Co. et al.*, and conviction was sustained as to Phillips, Continental, Shell Petroleum Corp., and Empire (the predecessor of Cities Service). Continental and Cities Service make up Petroleum Chemicals, Inc.

The other 1936 case, also called *United States* v. *Socony-Vacuum Oil Co., Inc.*, concerned fixing jobber margins. In 1941, nolo pleas were entered by Cities Service, and an officer each of Empire, Shell, and Continental.

Among the 38 defendants pleading nolo contendere in *United States* v. *General Petroleum Corporation of California et al.*, a 1939 case charging illegal price raising and price maintenance, were Shell Oil Co., Standard Oil Company of California, and the Texas Co. Fines were $4,000 for Texas, $4,500 for the other 2.

Still pending is a suit brought by the present Attorney General, *United States* v. *Standard Oil Co. (New Jersey) et al.*. Standard, Gulf, The Texas Co., Standard of California, and one other, are charged with attempting to secure and exercise control over foreign production and supplies of petroleum and petroleum products, to regulate imports in order to maintain a level of domestic and world prices agreed upon by the defendants, and to divide world foreign producing and marketing territories.

The State of Texas has an anti-trust suit in the State courts against 10 major oil companies, including Cities Service, Continental, Gulf, The Texas Co., Humble, Phillips, and Standard Oil Co. of Texas (a subsidiary of Standard of California). This case was brought by Price Daniel, then Attorney General of Texas, now a Member of the Senate.

United States v. *Food Machinery and Chemical Corporation et al.*, involving monopoly of peach-pitting machinery, was settled by a consent decree last August.

Several of the companies which make up American Synthetic Rubber Corporation appear among the anti-trust case losers. American Cyanamid Co., the largest stockholder in American Synthetic and scheduled to be its exclusive selling agent, has been in three cases. *United States* v. *Allied Chemical & Dye Corp.*, filed in 1942, and ended by nolo pleas in 1946, charged price fixing at exorbitant levels in dyestuffs. Cyanamid and one of its officers were each fined. A subsidiary, American Cyanamid & Chemical Corp., was a party to some chemical anti-trust cases filed in 1942, and settled in 1945, by nolo pleas. The cases all charged price fixing. Cyanamid & Chemical was fined $7,500. In *United States* v. *Standard Ultramarine and Color Co. et al.*, American Cyanamid took a consent decree in October 1954, on charges of fixing and maintaining prices and allocating sales of ultramarine blue and laundry blue.

Anaconda Wire & Cable Co., a stockholder in American Synthetic, is a subsidiary of Anaconda Copper Mining Co. Two other Anaconda subsidiaries, Anaconda Sales Co., and Greene Cananea Copper Co., were named in *United States* v. *Climax Molybdenum Co. et al.* in 1942, a price-fixing and competition-control case which ended in a consent decree.

General Cable Co. and Phelps Dodge Copper Products Corp. are stockholders in American Synthetic, and have been together before; they took a consent decree in 1948 in *United States* v. *General Cable Corp. et al.*, a cartel, price-fixing and development-suppression case.

Dewey & Almy Chemical Co. is a part of American Synthetic, and has recently been acquired by W. R. Grace & Co.; Grace, Pan American World Airways, Inc., and Pan American Grace Airways, Inc., are defendants in a Sherman Act case filed in 1954, charging combination restricting competition and monopolizing air transportation between the United States and Latin American countries.

Raybestos-Manhattan, Inc., and Thermoid Co., both stockholders in American Synthetic were also previously associated as nolo pleaders in 1948 in *United States* v. *Brake Lining Manufacturers Association, Inc.* They were fined $5,000 each, on price-fixing charges.

Dunlop Tire & Rubber Co. is in American Synthetic; it is controlled by the British Dunlop, which was involved in the latex cartel case with United States Rubber.

It is only fair to add that some of the stockholders in American Synthetic Rubber Corp. have not been involved in antitrust suits.

The only plant, however, that would be sold to a company with no antitrust history is the Koppers Co. alcohol butadine plant at Kobuta, Pa. Koppers Co., Inc., apparently didn't want the whole plant, but took it just to get the powerplant and utilities.

Mr. MORSE. Mr. President, another factor that has coused me serious concern in this whole transaction has been the attitude taken by Mr. Brownell. The opinion that he transmitted to us concerning the issue of whether or not these proposed sales are violative of the antitrust laws was about as nice a piece of meaningless double talk as has been my occasion to read. What Mr. Brownell said leaves me completely unsatisfied. I would like to point out, though, Mr. President, that I do not extend my criticism to the testimony given us by Judge Barnes, head of the Antitrust Division, Department of Justice. It was not possible for us to fully investigate all the possible antitrust ramifications of this proposed sale when we questioned Mr. Barnes. Therefore, I ask unanimous consent to have printed in the RECORD the same questions that Congressman PATMAN sent to the Justice Department concerning the antitrust aspects of this sale.

There being no objection, the questions of the Honorable WRIGHT PATMAN were ordered to be printed in the RECORD, as follows:

QUESTIONS PROPOUNDED TO JUDGE BARNES BY HON. WRIGHT PATMAN, OF TEXAS, IN A LETTER DATED MARCH 16, 1955, ADDRESSED TO CHAIRMAN VINSON

JUDGE BARNES: I would like to invite your comments on one broad, general question; then I have a few questions on specific points I would like to get cleared up.

The general question relates to the second paragraph of the Attorney General's letter of January 17. (It reads as follows:)

"This is to advise you that on the basis of the information furnished to me by the Commission I do not view the proposed dispositions as being in violation of the antitrust laws. I express no opinion, however, concerning the legality of any programs or activities in which the proposed purchasers may engage in the utilization of these properties, nor as to any matters other than whether or not the proposed dispositions violate the antitrust laws."

Now that statement contains two qualifications which I would like for you to examine. First, it contains the phrase "on the basis of the information furnished to me by the Commission" and says nothing about other information which the Department of Justice may have or could reasonably have gotten from other sources. Second, if I read the remainder of the statement correctly it says simply this: The Attorney General expresses the opinion that the proposed disposition of these plants, taken alone and quite apart from any other facts which he may or may not know to exist, will not violate the antitrust laws; but the Attorney General expressly reserves the opinion whether or not there would be a violation of the antitrust laws, taking account of the whole factual situation, the moment these plans are transferred.

Now, as I understand the antitrust laws, you frequently have situations where a particular competitive arrangement taken alone, out of context of the whole factual situation, is not violative of any laws, but when you add this competitive arrangement to the whole factual situation you have an unreasonable restraint of trade. Now, I am not talking about secret agreements or conspiracies or understandings among these proposed purchasers. I realize that there could be secret agreements, which you might not know about and might never know about even though you investigated diligently, so I am not talking about agreements or understandings which you may not know about, but this is the question I want to get clarified: Quite apart from any agreement which you do not know about, has the Department of Justice investigated and considered the whole factual situation insofar as it could reasonably ascertain the facts and satisfied itself that there will not be an unreasonable restraint of trade or other violation of the antitrust laws the moment these plants are transferred?

2. Now, the rest of my general question pertains to the analogy you have here with the Supreme Court's decision in the *Columbia Steel* case (*U. S.* v. *Columbia Steel Co., et al.* (334 U. S. 495, decided June 7, 1948)). The theory of the United States in bringing that suit was that the acquisition of Consolidated constituted an illegal restraint of interstate commerce because all manufacturers except United States Steel would be excluded from the business of supplying Consolidated's requirements of rolled steel products, and because competition then existing between Consolidated and United States Steel would be eliminated.

In addition, the Government alleged that the acquisition of Consolidated, viewed in the light of the previous series of acquisitions by United States Steel, constituted an attempt to monopolize the production and sale of fabricated steel products in the Consolidated market. That last aspect of the case was vigorously contested. The defense was predicated in a substantial way upon the fact that the United States Government had in 1947 sold to the United States Steel Corp. a large plant at Geneva, Utah, and that in that connection the Attorney General had concluded "that the proposed sale, as such, did not violate the antitrust laws."

You will also remember in that connection that the Supreme Court in disposing of that aspect of the case stated: "To show that specific intent, the Government recites the long history of acquisitions of United States Steel, and argues that the present acquisition when viewed in the light of that history demonstrates the existence of a specific intent to monopolize. * * * We look not only to those acquisitions, however, but also to the latest acquisition—the Government-owned plant at Geneva. We think that latest acquisition is of significance in ascertaining the intent of United States Steel in acquiring Consolidated." The court then proceeded to dismiss the suit by a vote of 5 to 4.

Then the Court pointed out that when approval was given to the sale of the Geneva plant to United States Steel, the Government had reason to know that if United States Steel acquired the Geneva plant it would for "normal business purposes" either acquire or build finishing facilities to assure itself a market for the unfinished steel produced at the Geneva plant, and the Government made no objection. Now this raises a question. First, you are approving the sale of 31.8 percent of the butadiene capacity to one partnership company—the partnership being made up of 2 oil companies and 2 rubber companies.

Now, permit me to ask you this: If in the future you decided to proceed against one of the rubber companies under the Clayton Antitrust Act or the Sherman Act because of any proposal on their part to acquire smaller companies in order to balance their rubber capacity with their butadiene capacity, or to balance their butadiene capacity with their rubber capacity, or to balance their rubber-fabricating capacity with their rubber capacity, how could you distinguish as a matter of law such a situation from the situation disposed of by the Supreme Court in the Columbia Steel case and what different results could you expect to secure?

Now for my more specific questions:

3. It has been pointed out that according to this disposal plan, no one company will have more than 18.2 percent of the GR-S capacity. On the other hand, the disposal plan calls for one parnership company to have 31.8 percent of the butadiene capacity. The partnership company is made up of Gulf, Texas, United States Rubber, and Goodrich. These four companies together will have 29.1 percent of the GR-S capacity. Since these four companies will be a partnership in 31.8 percent of the butadiene capacity, would you see any substantial difference insofar as practical competition is concerned, if they formed a single partnership company to handle their 29.1 percent of the GR-S capacity?

4. I would like to ask you about the license agreements. The second paragraph of the Commission's statement on this subject (p. 31) indicates that the Commission has made available to prospective purchasers the patent agreements to which the Government is a party and that it has taken actions to assist prospective purchasers to obtain licenses to use patents to which the Government was not a party. I quote from the Commission report as follows: "The patent agreements to which the Government was a party and the actions subsequently taken in this field by the Commission assure that adequate rights to patents and technical information are available to plant purchasers." Beyond this, however, the Commission has not told Congress what it has done; we don't know what these actions were, what the terms and conditions of the license agreements are, and I wonder if the Department has examined all of these license agreements and satisfied itself that none of the royalties are unreasonable and that there is nothing else in them which will unreasonably restrain competition.

5. What has been the Department's usual position with reference to patent pooling where the pool was restricted to members and not freely open to all newcomers?

6. The Attorney General's report has something to say about the patents and agreements covering butyl rubber, but it seems to be silent on this subject as regards the more important classes of rubber and feed stocks. Can you tell me where the provisions are in the contracts with the proposed purchasers of the rubber facilities, or elsewhere, which assure that the patent pool which will now be set up among the proposed purchasers will be open to the other companies that might wish to enter some phase of the synthetic rubber business in the future?

7. The Commission's report contains this sentence: "In the appendix to each contract of sale, the Commission has agreed that, to the extent of the Government's powers under these agreements, it will assist purchasers in obtaining necessary rights"—speaking of patent rights, of course. Can you tell us whether or not the Government has sufficient powers under these agreements that it could, if it cared to do so, assure any and all possible purchasers the right to use all product and process patents now necessary for successful operation of the butadiene and GR-S rubber plants.

8. In view of the fact that when the Government-owned aluminum plants were sold, the Department of Justice insisted upon having, as a condition of the sale, a provision making licensing of patents at reasonable royalties compulsory, I am wondering why the Department has not insisted upon such a provision in the case of these rubber facilities.

9. The assurances that we have been offered that small rubber fabricators will have access to adequate supplies of rubber at fair prices rest in large part on the premise that the production of Shell on the west coast will all be put on the open market, since Shell is not a rubber fabricator. In this connection the Attorney General's report (p. 34) is to the effect that since the major tire companies will have copolymer plants on the gulf coast, they will supply their west coast tire plants from these. The Attorney General's report does not make it clear, however, how much surplus production these tire companies will have at their gulf coast plants after supplying the requirements of their more eastern markets, or why these major tire companies took 90 percent of the production of Shell's west coast plant in 1954. Could you enlighten us on this?

10. In considering the supplies which might be available to small fabricators, I wonder if you have taken into consideration these contracts which some of the oil companies seem to have with some of the rubber companies for promoting the sale of their tires through the retail filling stations. For example, on page 158 of the supplement of the Commission's report the proposed contract with Shell contains the following sentence: "Neither Shell Chemical Corp. nor the parent, Shell Oil Co., is engaged in the manufacture or sale of natural or synthetic rubber or products made therefrom, excepting that Shell Oil Co. has contracts with the Firestone Tire & Rubber Co. and with the Goodyear Tire & Rubber Co., Inc., which provide for the payment of a commission to Shell Oil Co. as compensation for Shell's assistance in promoting the sale of their products to Shell dealers, commission distributors, and jobbers." What effect do you think such contracts would have on the question whether Firestone and Goodyear would buy Shell's rubber, or refuse to buy Shell's rubber, and thus make it available for small business?

11. Judge Barnes, I would like to have your comments with reference to the agreements in the contracts with the proposed purchasers, where the purchasers say that they agree to make available certain specific percentage of their production to small business. How could the small fabricator who found that he could not obtain rubber find protection under these agreements? Specifically, the following questions occur to me:

Is the small-business man to bring private suits; and if so, under what theory of the law? And what is the likelihood that the courts will say to an individual businessman that he has a right to sue as a third-party beneficiary of the United States Government? Since no small-business man is mentioned in these contracts, but the Government merely purports to try to protect an indeterminate class in these contracts, can the indeterminate members of this class have any standing before the courts as third-party beneficiaries?

Then may I ask the question as to which of these proposed purchasers the small-business man would sue? Is there any mechanism by which he would know which of these companies were failing to sell their agreed proportion to small business? Is there any requirement that the proposed purchasers make public their sales and customers or open their books for inspection?

What specific rights does a fabricator have under this agreement? Would there be any difficulty arising from the lack of a definition of "small business"? And does a small fabricator have a right to demand that a particular rubber company sell him supplies, or does the rubber company have the right to choose its customers?

Assuming that the small-business man can sue, then, as a practical matter, how much would such a suit cost a small fabricator, and how long would it take to conclude the litigation, and what would be the prospects of his concluding the litigation before he has gone out of business?

On the other hand, if the Government is to police these agreements, who is to do the job and how will it be done? More specifically, let us consider the following questions:

Can the Government sue on the basis of damage for a breech of contract, since the Government will not have suffered any damage? Could the Government sue for specific performance of contract, and what State law would determine whether an action for specific performance could be brought? Would the right to sue differ according to where a plant is located, and would the Government have different rights under different laws in different States where the plants are located? If the Government is to police these agreements, what mechanism will it have for knowing whether or not the agreements are being lived up to, and what assurances are there that the Government will move promptly and that it can obtain relief before a substantial number of small-business men have gone bankrupt?

12. Judge Barnes, some of these so-called agreements in the contracts with the proposed purchasers are to the effect that the purchasers will make available certain specified percentages of rubber to small fabricators at competitive prices. I wonder whether to your mind this term "competitive prices" has any meaning other than that the integrated fabricator will make available to his small competitors rubber at the same prices and terms as he makes it available to himself.

13. Judge Barnes, I don't wish to go into the long list of past antitrust cases in which these big rubber companies and oil companies have repeatedly been found guilty or plead nolo contendere to charges of violating the antitrust laws, but I want to ask you about a few of the recent and pending cases which seem to have a particular bearing on this disposal plan.

I am told that there is a case now pending in the courts of the District of Columbia involving the Federal Trade Commission and 20 big rubber and oil companies, and I am told that the proceedings arose because the FTC attempted to relieve pressure on small tire distributors resulting from the tire companies discriminating in prices among their different customers; I am also told that these proceedings were started in 1947, so that they are not concluded after 8 years of litigation. I wonder if you are familiar with this case?

Would you venture an estimate as to how long it will take before this case is ultimately concluded?

Do you know whether or not the discriminations complained of by the FTC are still being practiced by these companies pending the outcome of this litigation?

It is your opinion that the rubber and oil companies will be less likely to discriminate against these small competitors than they have been to discriminate among their own customers?

14. Now I want to refer you to a few cases in which the big rubber companies have plead nolo contendere to charges of violating the Sherman Act.

In the Rubber Manufacturers Association case, the Big Four rubber companies pled nolo contendere on October 21, 1948, to a charge of conspiracy and combination to restrain trade in tires and tubes lasting from 1935, to date of filing the complaint in 1947—in other words, approximately 12 years.

Five days after the plea was entered in the Rubber Manufacturers Association case, the Government filed a criminal indictment charging Goodyear and others with fixing prices of rubber heels and soles, and in 1949 pleas of nolo contendere were filed.

In 1950 Firestone, Goodrich, Goodyear, Sears, Roebuck, and others, were defendants in 2 actions, 1 civil and 1 criminal, which charged these companies with fixing prices and exercising monopoly power to exclude competitors in the sale of batteries.

Now my question is this: Before approving the Commission's disposal plan, did the Department of Justice make investigations to find out whether or not the practices which were admitted in these cases have been stopped and whether or not the court orders are being complied with?

15. Judge Barnes, I understand that the case of *U. S.* v. *National City Lines* is still pending—that in this case you charge Firestone, Phillips, and Standard of California with a combination and conspiracy to monopolize trade in the sale of both petroleum products and tires and tubes. Can you assure us this, if you win that case you will effectively eliminate the trade restraints charged in this case?

16. Judge Barnes, I would like to ask you about another case which is still pending; this is *U. S.* v. *Standard Oil Company of California et al.*, in which the Standard California Co., the Shell Co., and the Texas Co. are charged with monopolizing the entire oil industry in the Pacific States area from point of production to point of retail distribution.

The complaint in this case alleges, in paragraphs 72 and 73, that a formal civil action filed in 1930, in which a consent judgment was entered, and a formal criminal indictment in 1939, to which pleas of nolo contendere were entered, were against the same defendants—Standard, Shell and Texas—but that these previous actions have been completely ineffective in preventing these companies from continuing to monopolize the oil industry of the Pacific coast area.

In paragraph 74 the Government further alleges that "defendants' domination and control of the petroleum industry in the Pacific States area, has become so entrenched and so overwhelmingly and generally accepted that it has persisted and will continue to persist and grow * * * and will continue to make it impossible for independents at any and all levels of the petroleum industry to compete effectively with defendant oil companies."

The same paragraph stated that the "business operations of defendant oil companies are conducted as if said oil companies were a single concern with single management."

(a) Now, first of all Judge Barnes, is not this an admission on the part of the Government that Texas, Shell, and Standard Oil of California have monopolized the petroleum industry since 1930, and that so far the Government has not been able to stop them even though it has been successful in two antitrust actions?

(b) Secondly, Judge Barnes, when the Government filed its complaint in the California case it in effect vouched for the truth of the charges made, did it not, so that even though there has been no final determination of the California case, the Department of Justice believes that the charges it made in its complaint are true?

(c) How does the Department of Justice therefore, Judge Barnes, reconcile its allegations made in the California case, with the assertions that the sale of the synthetic rubber plants to the defendants named in that case promotes free enterprise?

(d) Is it your personal opinion that if the allegations contained in the Government's complaint are true that the sale of the synthetic facilities to Standard of California, the Texas Co., and Shell will not enhance the monopoly position of these defendants and make it even more difficult for small independents to survive?

(e) Now check my memory on this: In the old Mother Hubbard case the Government had a similar charge against all of the major oil companies, concerning monopoly practices in markets all over the United States, and the Government dropped the Mother Hubbard case because it was too big to try—that is, there were too many companies to have in one suit; so it dropped that case with the intention of starting a series of smaller cases involving the separate regions of the United States, and this case of *U. S.* v. *Standard Oil of California et al.* was then filed as the first of a series of cases to replace the Mother Hubbard case. Can you put me straight on this?

17. Now about your current suit against the oil cartel. Four of the oil companies to which the Commission proposes to sell the rubber facilities are named as defendants in that suit—that is, Texas, Gulf, Standard (New Jersey), and Standard of California. I believe that a fifth oil company, Shell, is alleged to be a member of that cartel, although it is not named as a defendant. Now my question is this: Do you feel confident that you will successfully break up the restrictive features of that cartel, if any exists, and that the restrictions on competition between these companies alleged to exist as to the production and sale of petroleum and petroleum products will not spread to the production and sale of rubber and rubber products?

18. The Attorney General's report is silent on the background of cartel control over natural rubber; I would like to know if the Department took the cartel question into consideration and, if so, what conclusion it reached concerning probable future control over natural rubber by cartel action?

19. I now refer you to the announcement made by Attorney General Brownell on September 3, 1954, in which he expressed disapproval of the proposed merger of the Bethlehem Steel Co. and the Youngstown Sheet & Tube Co. and expressed the opinion that such merger would probably be in violation of the antitrust laws. In that announcement the Attorney General quoted with approval a statement in the report of the House Judiciary Committee on the Antimerger Act of 1950 concerning the meaning of an illegal effect upon competition as follows: "such an effect may arise in various ways; such as an elimination in whole or in material part of the competitive activities of an enterprise which has been a substantial factor in competition; increase in the relative size of the enterprise making the acquisition to such a point that its advantage over its competitors threatens to be decisive, undue reduction in the number of competing enterprises or establishments of relationships between buyers and sellers which deprived their rivals of the same opportunity to compete."

I also point out that had the Bethlehem-Youngstown merger been consummated, Bethlehem would have then had approximately 30 percent of the steel capacity, although it would have still been the second largest steel company. In contrast, the Attorney General's letter has approved the sale of 31 percent of the country's butadiene capacity to a single company, and this will be the largest company in its industry.

In the light of the foregoing, I would like to know upon what basis the Department of Justice foresees an unsatisfactory degree of competition in steel and a satisfactory degree of competition in butadiene?

ANSWER TO QUESTION 1

In complying with the Attorney General's responsibilities under section 3 (c) and (d) of the Disposal Act, the Department of Justice relied largely upon information submitted by the Rubber Disposal Commission, as well as data already available in Department files. Accordingly, the Attorney General's approval letter to Chairman Pettibone expressly notes "that on the basis of the information furnished to me by the Commission, I do not view the proposed dispositions as being in violation of the antitrust laws." Such primary reliance on Commission data as well as Department data already gathered, it seems clear, was envisioned by Congress in the Disposal Act.

Initially, Disposal Act section 3 (c) expressly requires the Commission to supply the Attorney General with such information as he may deem requisite to enable him to provide the advice contemplated by this section. Section 4 further evinces congressional intent to make the Commission the prime data source. That section provides that the "Commisison shall be furnished upon its request all available information concerning the Government-owned rubber-producing facilities in the possession of any department, agency, officer, Government corporation * * * concerned with Government-owned rubber-producing facilities." Because of these provisions, we were enabled to and did secure information we considered necessary to a determination through the Commission, from each of the companies submitting proposals.

This congressionally intended emphasis on Commission data seems firmly rooted in the realities of disposal negotiations. For it was the Commission, not the Department of Justice, that dealt directly with potential plant purchasers. Moreover, bidders were forced to submit to the Commission, before bids were approved, much of the data relevant to the Department's task.

Beyond these business realities, Congress—enacting the disposal law—well knew that the Department of Justice had no process to compel production of that data prerequisite to performance of our duties under section 3 (c) and (d). In addition, the congressional requirement in section 9 (a) of a January 31, 1955, deadline for submisison of the Commission's disposal plan suggests Congress realized the Department would have little chance for a necessarily voluntary information search. Against this background, we conclude the congressional design was that this Department would meet its obligations under 3 (c) and (d), by reliance on Commission data, viewed in the context of a considerable knowledge and experience gained elsewhere.

To specifically answer your question then, as stated in the last sentence before question No. 2, we were satisfied that the recommended disposal program as such would not violate the antitrust laws, nor would there result an unreasonable restraint of trade or other violation of the antitrust laws, the moment these plants were transferred. It has not been our intent, however, in our letter of advice to the Commission, to go beyond the act of disposal, and for this reason we carefully stated that our approval was limited to this fact. Any antitrust violations which would thereafter occur will be dealt with vigorously under the antitrust laws (1) since section 3 (e) of the Disposal Act carefully provides that the antitrust laws are not impaired or modified in any way by reason of the proposed disposal, and (2) by virtue of the reservations contained in the letter of the Attorney General.

ANSWER TO QUESTION 2

In essence, question 2 asks whether *United States* v. *Columbia Steel Co.* (334 U. S. 495 (1948), would bar the Government's proceeding, under either Sherman Act section 1[1] or Clayton Act section 7, against future acquisition by synthetic-rubber plant purchasers of added plants to round out, or fully integrate their facilities. To my view, this decision is no such bar.

In Columbia Steel there was no section 7 charge. The Government charged that acquisition by Columbia, a subsidiary of United States Steel, of Consolidated, a west coast fabricator, (1) restrained competition in the sale of rolled and fabricated steel products, and (2) constituted an "attempt to monopolize the market in fabricated steel products" (334 U. S. 495, 498–499). Rejecting these charges, the Supreme Court emphasized that the Attorney General had previously approved the sale of the Geneva rolled-steel plant to United States Steel, and there was evidence in the record (p. 506) that this plant was to be Consolidated's source of supply.

[1] Because of the obviously different histories of the steel and synthetic-rubber industries, I would consider Columbia Steel hardly relevant should an attempt to monopolize charge (sec. 2 of the Sherman Act) be leveled against any synthetic-rubber surplus purchaser.

Columbia Steel, apart from its market analysis guides, is direct precedent under Sherman Act section 1—not under Clayton Act section 7. Beyond that, even under Sherman Act section 1, Columbia Steel would be inapposite in any future proceeding involving a rounding out acquisition by any surplus synthetic rubber plant purchaser.

In Columbia Steel, the court noted that United States Steel's negotiations for acquisition of Consolidated began before the Attorney General approved United States Steel's purchase of the Geneva plant (334 U. S. 495, 506–507). Nowhere does that court emphasize, moreover, that these negotiations took place in secret—without the knowledge of the Attorney General. Accordingly, it might be urged that United States Steel's purchase of Consolidated could have been envisioned by the Attorney General before the Geneva sale was approved.

Under the rubber disposal program, in sharp contrast, maintenance of certain purchasers' imbalance capacity was stipulated as cruicial by the Department in approving disposal. Consider, for example, the disposal of the integrated west coast (GR–S) facility to the Shell Chemical Corp. Approving this purchase, the Attorney General expressly noted that the "prospective purchaser will have capacity for the production of styrene considerably in excess of the requirements of the adjacent copolymer plant, also to be acquired by the same purchaser. Shell has indicated that such excess capacity will be available for sale to other styrene users, both on the west coast and gulf coast. The purchaser intends to maintain stocks in both such areas to serve styrene consumers, principally operators of GR–S plants. In addition, the sale adds a new source of styrene supply for users of this raw material in the manufacture of polystyrene plastic."

For further example, note the sale of the Borger, Tex., plancor plant to Phillips Chemical Co. In its report to Congress, the Commission emphasizes that "Phillips has represented to the Commission" it deems its major market for the sale of copolymer to be the nonintegrated fabricators. Based on such representations, the Department of Justice granted antitrust approval. This virtual assurance not to integrate stands out in sharp contrast to the Columbia Steel-Consolidated negotiation prior to antitrust approval.

ANSWER TO QUESTION 3

There is an obvious distinction between the competitive importance of butadiene and GR–S. There are upward of 800 rubber fabricators of various sizes, including a substantial number of small-business enterprises in this Nation, dependent upon adequate supplies of rubber for their very existence. For practical purposes, the only source of synthetic rubber for these companies is found in the 11 copolymer plants to be disposed of under the proposed program. Within the limitations of transportation costs and similar factors, the potential operators of the 11 plants have a wide range of opportunity in which to dispose of their rubber production. On the other hand, the eight butadiene plants and their respective operators will be substantially limited in their choice of customers in the field of synthetic rubber because of the location and close physical connection between each of the butadiene plants and adjacent copolymer plants. Circumstances will dictate that in normal situations the dominant portion of the butadiene production used in the manufacture of synthetic rubber will be sold to such adjacent copolymer plants. It is evident, therefore, so far as practical competition is concerned, that there is a substantial difference between a partnership operating 31.8 percent of the butadiene capacity and a partnership operating 29.1 percent of GR–S capacity.

There is also a practical difference from a competitive point of view, between 4 companies operating through a single partnership 3 plants, and 4 companies operating 3 plants separately as proposed under the program. To the extent that there is the opportunity to sever a plant into two or more productive units for individual competitive operation, competition would of course be fostered. The operation of the three GR–S plants to be purchased by Goodrich, Gulf, Texas, and United States Rubber by a single partnership when not dictated by practical considerations would not be in harmony with the best interests of competition.

Finally, the 31.8 percent of butadiene capacity was concentrated at Port Neches, Tex., at the time of that plant's construction during World War II for reasons of technical efficiencies in the interest of national defense. Again, the Congress foresaw this problem of concentration in the butadiene field at the time of its enactment of the Disposal Act, but in its wisdom did not require that this plant be divided for purposes of sale. I can assure you that the Commission, at our urging, used every effort to secure separate bidders for a divided Port Neches butadiene facility with the view toward broadening the competitive basis in the butadiene field. Failing in this, the Commission resorted to the sole opportunity presented to it to avoid vesting the entire productive capacity of this plant in the hands of a single company by recommending the disposal of the Port Neches butadiene facility on an "undivided one-half basis" with safeguards in the contract of sale to assure competition between each of the participating companies. The alternative to permitting 4 companies to operate the plant would have been to permit 1 company to so operate (an alternative which the Congress did not see fit to prevent), which, purely from the point of view of concentration, would involve placing 31.8 percent of domestic butadiene capacity into the hands of a single company rather than having it divided among 4 companies as presently proposed.

Moreover, the commitments required of the 4 companies participating in the Port Neches purchase that they make approximately 24 percent of the plant's capacity available for sale on the open market, has the effect of mitigating the adverse factor of having a comparatively large share of total domestic butadiene capacity in the hands of 1 group.

Although the practical problems presented by the Port Neches butadiene disposal were not susceptible to a theoretically perfect solution from an antitrust point of view, the solution recommended was consistent with the standards set forth in the Disposal Act.

ANSWER TO QUESTION 4

I refer you to the letter of Deputy Attorney General Rogers to Congressman YATES, chairman of Subcommittee No. 3, House of Representatives Small Business Committee, dated March 14, 1955 (a copy of which is attached hereto) in which he stated that purchasers were still negotiating for patent licenses and had not as yet submitted any such licenses to the Commission or to this Department. Accordingly, we have not had an opportunity to examine them. The Commission stands ready to aid these purchasers and, in fact, is presently assisting them in obtaining the licenses called for by the wartime patent agreements. These agreements bind the private parties thereto to make available on reasonable terms to plant purchasers, on request of the Government, the same licenses which the parties received. We understand that the procedure is for the purchasers to indicate to the Commission which licenses are desired, whereupon the Commission specifically requests the patent owners to grant such licenses as are required by the terms of the particular wartime agreements involved. In many cases, the purchasers will obtain licenses on their own initiative, or, as in the case of present plant operators, they may not need licenses.

MARCH 14, 1955.

Hon. SIDNEY R. YATES,
Chairman, Subcommittee No. 3, House of Representatives Small Business Committee, Washington, D. C.

MY DEAR CONGRESSMAN YATES: This refers to your telegram of March 9, 1955, addressed to the Attorney General, requesting information concerning synthetic rubber patent licenses and agreements in connection with your study of the report to the Congress of the Rubber Producing Facilities Disposal Commission.

The Rubber Commission has assured plant purchasers that it will assist purchasers to obtain patent licenses as provided for under the basic wartime agreements to which the Government is a party (see par. 3 of the appendices to each contract of sale set forth in exhibit F of the supplement to the Rubber Commission report). We have been advised by the Commission, however, that, in the main, purchasers are working out their own arrangements. Negotiations are still going on and no licenses as yet have been submitted to the Commission or to this Department.

The basic wartime Government-sponsored patent agreements have substantially been terminated except that licenses granted under existing patents prior to termination continue for the life of the patents, and such agreements are also in effect with respect to assuring similar licenses to plant purchasers.

In the copolymer field, the agreement of December 19, 1941, as amended June 21, 1942, provides for a royalty-free exchange of licenses (except as to buna rubber, for which a royalty is provided) among the signatories covering patents and technology on inventions reduced to practice up to March 31, 1949. In addition, the standard form cross license agreements (buna rubber) provide for free licenses to parties as to patents issuing prior to March 2, 1946. The Government as a party to these agreements has the power to transfer similar licenses to plant purchasers.

In the styrene field, the agreement of March 4, 1942, permits the use by plant operators of styrene patents of the parties signatory thereto subject to a royalty to be paid by styrene suppliers to the patent owners. Plant purchasers may obtain a license under the agreement as to patents and technology necessary to operate the plants, with a specified maximum royalty.

In the butadiene field, the general butadiene agreement of February 5, 1942, and the oil industry process agreement of February 5, 1942, as amended October 12, 1942, provide for royalty-free exchanges of licenses among the parties for patents up to April 28, 1952, with an obligation to license plant purchasers, at reasonable royalties under the general butadiene agreement, and not to exceed a maximum royalty under the oil industry process agreement.

The above constitute the primary wartime agreements. In general, it may be said that these agreements continue to the extent that the parties thereto retain licenses under existing patents up to respective cutoff dates, and that the Government may insist that plant purchasers be given licenses on the same patents upon terms specified in the agreements. In addition to the specific agreements mentioned herein, the Government has a continuing right to designate licensees under various research contracts as to patents developed in the course thereof.

The Commission, in reply to our inquiry, informed us that, in its opinion, the several wartime patent agreements in the copolymer, butadiene, styrene, and butyl rubber fields, to which the Government and the various patent owners are parties, will make available to purchasers of the plants all patents, technical information, and know-how necessary to competitive operation of these plants under private ownership.

I trust that the foregoing will answer the questions raised in your telegram.

Sincerely yours,

WILLIAM P. ROGERS,
Deputy Attorney General.

ANSWER TO QUESTION 5

Under the rules laid down by the Supreme Court in the Oil Cracking case (*Standard Oil Co.* v. *United States* (283 U. S. 163, 171)), this Department has attacked so-called closed patent pools, i. e., those whose advantages are restricted to members and are not freely open to all newcomers, in cases where the parties thereto were dominant in any industry or where there was an intent to unlawfully restrain trade. Cf. *United States* v. *General Instrument Co.* (87 F. Supp. 157).

ANSWER TO QUESTION 6

Your question assumes that a "patent pool will now be set up among the proposed purchasers." We have no knowledge that this assumption is correct. The wartime pooling arrangements in the synthetic-rubber industry were dictated by national-defense considerations. We understand that, initially, all companies desiring to participate were invited to do so. The licenses given were on a nonexclusive basis and no party was prevented from granting licenses independently. Thus, the cross-licensing arrangements, in our view, should not be characterized as closed patent pools.

You may have in mind that plant purchasers automatically will become members of existing patent pools. We do not consider this will occur. The cross-licensing arrangements in general have now been terminated except that (a) the parties retain nonexclusive licenses under patents issued up to certain cutoff dates (usually related to the end of World War II), and (b) the parties have agreed to grant the same licenses on reasonable terms to plant purchasers at the request of the Government (see Deputy Attorney General Rogers' letter to Congressman YATES, dated March 19, 1955). Plant purchasers as a rule are not obligated to cross-license their own corresponding patents, although this is a condition to obtaining royalty free licenses under the Buna rubber agreements.

The research contracts between the Government and the various patent owners entitle the Government to designate nominees to receive free licenses and this is not limited to plant purchasers. The other (cross-licensing) agreements do not specifically entitle others than plant purchasers to licenses under the patents covered, but, as has been mentioned, the individual patent owners are not precluded from granting licenses to others on their own patents. It should also be kept in mind that a great part of the technology in the synthetic-rubber industry is now in the public domain.

We understand that many plant purchasers have been negotiating licenses with individual patent owners outside of the wartime agreements, and it would appear that newcomers could obtain similar licenses on the same terms. The Standard Oil Co. (New Jersey), major owner of the butyl patents, has indicated an express policy of licensing all applicants on reasonable terms. Many patents in this and other fields are also available by virtue of the antitrust decree in *United States* v. *Standard Oil Co.* (*New Jersey*) (Civil 2091, D N. J.). If it should develop, however, that any dominant group of owners of significant patents in the synthetic-rubber industry, whether or not they purport to act under wartime agreements, should, in concert, refuse to license others on reasonable terms while enjoying cross-licenses themselves, the Department of Justice will take appropriate steps to remedy this situation.

ANSWER TO QUESTION 7

We can assure you an affirmative answer to this question. For example, we can specify "all product and process patents now necessary for successful operation" of the plants. The wartime patent cross-licensing agreements in the synthetic-rubber field all contain provisions binding the parties to grant similar licenses to plant purchasers, and the Department does not have any doubt as to the enforceable nature of such commitments. From discussions with the Rubber Disposal Commission, it appears that technology now in the public domain, together with that available under the wartime agreements, will be sufficient for plant operation, if indeed that technology is actually necessary in the GR–S field.

ANSWER TO QUESTION 8

The situation with respect to the sale of aluminum plants was different in significant respects from the present sale of the synthetic-rubber plants. The Aluminum Co. of America (Alcoa) had been practically the sole producer of aluminum ingot, and had been adjudged a monopolist in an antitrust suit (*United States* v. *Aluminum Co. of America* (148 F. 2d 416)). Furthermore, Alcoa offered to grant royalty-free licenses to plant purchasers only with respect to its alumina processing patents and this was conditioned upon the grant back of reciprocal licenses; as to other patents, it charged royalties. Presumably Alcoa made the offer to license its patents with some view, at least, to forestalling divestiture or other action by the court in the antitrust suit since relief proceedings therein had been postponed pending disposal of the plants built in wartime. (See *United States* v. *Aluminum Co. of America* (91 F. Supp. 333, 405–414)). It has been noted above that free licenses may be obtained by plant purchasers or by others in the synthetic-rubber industry as to patents developed under Government research contracts. Further, a free license may be obtained by a plant purchaser in the copolymer field under the buna rubber cross-licensing agreements although such purchaser must agree to license its own corresponding patents, if any.

ANSWER TO QUESTION 9

You inquired as to how much surplus production the major tire companies would have at their gulf-coast plants after supplying the requirements of their more eastern markets as a basis for determining whether the small rubber fabricators will have adequate supplies of rubber at fair prices. During the years 1952–54 inclusive, the four major rubber fabricators purchased from the Government a total of 376,100, 378,700, and 260,300 long tons. These purchases were for delivery to all of the fabricating plants of these companies wherever located.

Under the proposed disposal program, the total GR–S capacity to be purchased by the four major rubber fabricators is 444,600 long tons. In the extraordinarily high demand year of 1953, there was a GR–S demand of 658,000 long tons. This included a demand of 379,000 long tons on the part of the four major fabricator purchasers. Under the contracts of sale, these rubber companies are committed to make available to small business approximately 80,000 long tons, whenever production is as close to capacity as it was in 1953. This, of course, would reduce the amount of rubber available to the four majors from their own plants to 364,600 long tons. They would require from outside sources, therefore, only about 14,100 long tons in order to balance their historic demand. This amount may come from Shell. In fact, it is very likely that in order to avoid the adverse freight factor involved in shipping rubber from the gulf coast to their west-coast plants, they may purchase more than this amount from Shell. However, should they do so, they would be releasing for sale to others from their gulf-coast plants, an amount equal to every ton in excess of 14,100 tons which they take from Shell. The Shell capacity is 89,000 long tons. Thus, even in a peak demand year, based on historic consumption as shown by Government sales figures, there will be available to others than the Big Four, either from Shell or on a matching basis from the Big Four, approximately 74,900 long tons.

Question 9 also asks for an explanation of why the major tire companies accounted for 90 percent of 1954 sales from the west-coast plant. With the program in Government hands, all production has been scheduled by the Government operating agency, all purchase orders have been filed in Washington, and all directions for shipments have originated in Washington. Because the Government applies a uniform freight charge to all purchases (which is an average programwide freight), the Government can order shipments from any plant in the program to any part of the country. The 90-percent figure in reference to the Shell plant includes shipments from that plant to eastern fabricating plants of the Big Four. Shipments to west-coast plants of the Big Four from the west-coast copolymer plant have averaged about 75 percent of that plant's production. This, too, however, was Government scheduling for Government convenience and cannot be relied upon as a guide for private distribution. As discussed above, should demand reach the high level it reached in 1953; the Big Four can be expected to require only about 16 percent of the capacity of the west-coast plant, and any amount which they may purchase in excess of this will release equal tonnages from their gulf-coast plants for sale to others.

ANSWER TO QUESTION 10

We are fully aware and have taken into consideration in our review of the proposed disposal program, the fact that certain of the major rubber fabricators who are prospective purchasers of the copolymer plants have contracts with petroleum companies relating to the distribution of rubber tires and tubes through petroleum company dealers and distributors. It is, of course, difficult to assess the effect of such contracts on other relations between these companies and whether such rubber fabricators would purchase rubber supplies from the petroleum company owners of rubber-producing facilities. You cite specifically the agreements between Shell Oil Co., the prospective purchaser of the Los Angeles copolymer plant, Plancor 611, and the Firestone Tire & Rubber Co., and the Goodyear Tire & Rubber Co., the prospective purchasers of copolymer plants in Ohio and on the gulf coast, discussed on page 158 of the supplement to the Rubber Commission's report to the Congress.

Whether the existence of these contracts between rubber and petroleum companies relating to the distribution of rubber products through petroleum company dealers, commission distributors and jobbers will result in the major rubber fabricators buying synthetic rubber from a petroleum company to the detriment of small-business enterprises, is difficult to answer definitely, since much will depend upon market conditions as they will exist at the time the Government-owned plants are placed in private hands, and the extent to which the major rubber companies will get their own demand for GR-S from their own producing facilities. It is reasonable to assume that the major rubber fabricators will have their own GR-S facilities and supply their own needs rather than purchasing on the open market, particularly in cases where GR-S rubber may be in short supply and may be selling at an inflated price, the type of circumstances wherein small nonintegrated rubber fabricators would be most apt to suffer. A GR-S rubber producer would not normally be expected to purchase GR-S on the open market or even from a producing company with whom it might have other contractual relations when there is available within its own integrated setup available capacity for GR-S production.

Figures available to us indicate that these two companies, whether considered together or individually, will have greater capacity for GR-S production if they become purchasers of the plants as proposed, than they consumed in the latest year for which figures were available. This fact coupled with the expressed intention of Firestone, Goodyear, and Shell to make available stated portions of their respective production to small business would appear to assure, as reasonably as can be expected, that small fabricators on the west coast will not suffer because of the existence of the agreements to which you referred. Moreover, Shell in the appendix to its contract of sale proposes to offer its entire production of GR-S rubber produced at Plancor 611 to consumers in the marketing area west of the Rocky Mountains on both contract and spot sale base, with excess production to be offered outside that area. Since it is logical to assume that Shell may have difficulty competing with the Gulf GR-S plants in areas east of the Rocky Mountains because of the differentials in transportation costs, Shell can be expected to attempt to initially dispose of its production in the Pacific coast area.

It was our expectation that the establishment of Shell (a nonrubber consuming, financially strong, integrated petroleum company), as a major producer of GR-S on the west coast would provide the predominant source of supply of GR-S for nonpurchasers of synthetic-rubber plants on the west coast, including the small rubber fabricators in that area, as well as to serve as a strong competitive factor to the major GR-S producers elsewhere against a rise in GR-S.

ANSWER TO QUESTION 11

Your question relates to the provisions of the contracts of sale between the proposed plant purchasers and the Rubber Commission concerning the availability of certain specific percentages of the production by these purchasers to be made available to small business, and you inquire generally and specifically as to the enforceability of these contracts and the rights of small business enterprises thereunder.

You will recall that the function of the Attorney General under the Disposal Act is limited to advising the Commission with respect to the antitrust considerations involved, and consequently it was not our purpose to, and we did not in fact, review each of these contracts as to legality other than from an antitrust point of view.

We of course did, however, have a major and direct interest in the provisions of these contracts, particularly those provisions in the appendix relating to the undertakings of the plant purchasers to make a portion of the plant product available to nonintegrated and small-business enterprises as defined in section 21 (h) of the Disposal Act. We consulted with representatives of the Commission on several occasions with respect to these very provisions and were given an opportunity to examine samples of the language proposed to be inserted in the several appendices to the contracts. During these consultations we advised the Commission that while we were not in a position to determine which of the forms would be best in any or all cases, we felt that the language used should be as definite as possible to minimize the chance that a prospective purchaser would subsequently attempt to avoid performance on his undertaking. We also urged that with respect to the amount to be set aside in each case, that such amount be as high as could be obtained. We also suggested that since there was the possibility that a plant purchaser might produce only enough rubber to account for his own needs, thus by indirection depriving small business of a fair share of the plant capacity, that the Commission consider the advisability of basing the undertakings on plant capacity rather than on actual production.

It is our view that these commitments by the prospective purchasers were inducements of such a nature as to warrant both the Commission and the Attorney General to approve the sales in the manner proposed to the Congress. We feel that these representations constitute a material provision of the several contracts and from an antitrust point of view are vital to these agreements. The language is not that which we would have preferred in every case. The individual appendices were drafted to suit the circumstances presented and as a result, various interpretations are entirely possible. While we do not rule out the possibility of a suit by small-business enterprises as third-party beneficiaries against plant purchasers, we do recognize the difficulties, both practical and legal, that may be faced by injured business enterprises.

We also recognize the difficulties that may be made in attempting to determine which business enterprises fall within the classification of "small-business enterprise" as defined in section 21 (h) of the Disposal Act. We called this deficiency to the attention of the Congress during its consideration of the disposal legislation in June 1953, by raising the question of the adequacy of the definition, pointing out that in our view the definition as drafted was not sufficiently descriptive of the type of company to be included within its terms.

It is our considered view, however, that in spite of the above problems that may be presented, these contracts are enforceable against the plant purchasers for the benefit of the small-business enterprises concerning whom they were drafted. It is our purpose to insure that the cognizant Government agency charged with the administration of these contracts guards the rights of the small-business beneficiaries.

I might add in conclusion that the Commission has informed us that in their view these contracts are enforceable against the plant purchasers.

ANSWER TO QUESTION 12

In our view the term "competitive price" would signify that price that would result from the forces of competition exerted by arm's-length competitors in the market place. It is our hope that the 9 companies who it is proposed are to purchase the 11 copolymer plants will provide a sufficiently broad competitive base to encourage such competition concurrently with the commencement of private operation of the plants. Out of this competition it would be expected that a market price would result which could be denominated a "competitive price" and which would be determinative of the price which the major integrated rubber fabricators would charge themselves, their subsidiaries or divisions. I realize that inherent in this situation is the possibility that the price that the integrated fabricators may charge themselves may in fact become the price that will be used in the market-place. This, of course, would not constitute the "competitive price" contemplated by the provisions of the sales contract.

I am also cognizant of the dangers that are inherent in a situation where a substantial part of the GR-S capacity comes within the control of integrated rubber fabricators with only an insubstantial amount free to be sold on the open market. Such a situation would provide an environment conducive to illegal manipulation of the market price. Should the integrated rubber companies utilize most of their output in their own integrated operations, they may exert only a limited influence in the determination of the market price, leaving the nonintegrated sellers of GR-S to exert the primary influence. It is this factor that makes the commitments on behalf of the plant purchasers that they will offer a specified percentage or amount of their production to small-business enterprises so important.

I might also point out, however, that the fact that there is a difference between the price that the integrated rubber fabricators charge themselves for GR-S rubber and the price that will be found on the open market would not alone signify that the former is not a "competitive price." The price that the integrated rubber companies charge themselves will of course depend upon the manner in which those companies maintain their accounts, i. e., whether the GR-S consumed is to be entered upon the books at cost, at the prevailing market price, or in accordance with any one of the several other accounting methods available.

ANSWER TO QUESTIONS 13A, 13B, 13C, AND 13D

I am indeed familiar with the matter you describe. There are now pending in the District Court for the District of Columbia 20 suits for declaratory judgment and injunction against enforcement of the Federal Trade Commission's quantity-limit rule 203-1. Plaintiffs include 15 of the 21 manufacturers in the industry, 3 purchasers who buy tires on a cost-plus basis (Montgomery Ward, Western Auto, and American Oil), a farmer cooperative purchasing association, and a number of dealers who purchase on an annual volume basis.

The rule, which was issued pursuant to the quantity-limit proviso of section 2 (a) of the Clayton Act (15 U. S. C., sec. 13 (a)), provides, in effect, that the largest quantity discount that any seller of tires and tubes can grant is the one that he grants on a carload of tires and tubes. Its purpose is to aid independent dealers by abolishing the unjustly discriminatory volume discounts that have been granted a few large purchasers of tires for a number of years in the past.

The Commission initiated its investigation into quantity limits in the tire industry by resolution dated July 7, 1947, and held hearings on the proposed rule in February 1950. A suit by Goodyear Tire & Rubber Co. to enjoin the Commission from holding its hearings was dismissed by the District Court for the District of Columbia on the ground that the suit was premature because no quantity-limit rule had yet been issued (*The Goodyear Tire & Rubber Company, Inc.*, v. *Federal Trade Commission* (88 Fed. Supp. 789 (1950))).

The Commission issued its Quantity Limit Rule 203-1 on December 13, 1951. The complaints in these 20 suits for injunction against enforcement of the rule were filed between March and July of 1952. A motion by the Federal Trade Commission to dismiss the complaints for lack of jurisdiction over the subject matter was granted by the district court, but the order of dismissal was reversed on appeal. *American Oil Company* v. *Federal Trade Commission et al.* (208 Fed. 2d 829).

The Antitrust Division of the Department of Justice then took over the defense of the rule, under my direction. This was approximately a year ago. We answered the complaints in the 20 cases. In a serious effort to prevent delay we were successful in having all 20 cases consolidated for purposes of pretrial and trial. We are now endeavoring to effect consolidation for purposes of a motion for summary judgment, which we have notified opposing counsel we intend to file shortly. If the motion is granted, the litigation in the district court should be terminated sometime this spring. However, if plaintiffs prevail in their contentions that there are genuine issues of material fact involved in the cases, they will go to trial this autumn, according to the best estimate of the clerk of the district court.

The discriminations complained of by the Federal Trade Commission are still being practiced in the industry, the effective date of the rule having been stayed by an order of the district court.

The discriminations at which Quantity Limit Rule 203-1 is directed are discriminations by manufacturers against small dealers and in favor of large-volume purchasers, all of whom are customers of the manufacturers.

It is anticipated that the rule will eliminate the discriminations at which it was aimed, but it has its limitations in that the quantity limit proviso authorizes the Commission to abolish, by establishing quantity limits, only those discriminations which are based on quantity.

ANSWER TO QUESTION 14

U. S. v. *Rubber Manufacturers Association, Inc., et al.* (Cr. 126-193 (S. D. N. Y.)), involving rubber tires and tubes; *U. S.* v. *The Metropolitan Leather and Findings Association, Inc., et al.* (Cr. 128277 (S. D. N. Y.)), involving leather and shoe findings; and *U. S.* v. *Association of American Battery Manufacturers et al.* (Cr. 17652 (W. D. Mo.)), involving the distribution of used batteries were all criminal antitrust cases, and as such did not result in a court order which must be complied with by the defendants.

U. S. v. *Association of American Battery Manufacturers et al.* (Civil 6199 (W. D. Mo.)), was a civil case which charged the defendants with making illegal agreements involving the distribution of used batteries and lead salvage therefrom. Since there is little if any relationship between the field of synthetic rubber and that of the distribution of used lead batteries, we did not feel it requisite to determine whether the orders of the court in this case were being complied with in connection with our consideration of the disposal program. We have, in fact, made no independent investigation to determine whether the practices admitted or found in the above cases have been stopped by the defendants. We have, however, maintained the same degree of surveillance over the civil judgment involved as we do over all other antitrust judgments and decrees enjoining the continuance of illegal activities concerning which we have instituted proceedings.

You understand, of course, that a determination whether the court's enjoinders are being complied with is a matter which would require extensive and comprehensive field investigation and which would encompass a substantial period of time generally in excess of that provided for our consideration of the rubber plant disposals.

I might also add that I do not share the view that because a company has been charged with violating the antitrust laws and has pleaded nolo, has been convicted, or suffers restraining enjoinders by court order, it is thereby ineligible to become a purchaser of Government property, including synthetic rubber plants. I believe that had the Congress intended that such proceedings and adjudications be a bar to purchase, that such a criterion would have been included as one of the provisions of the Disposal Act. This would appear to be particularly true since the Congress had placed before it for its deliberation the antitrust record of the anticipated bidders, including the major rubber companies, at the time it was considering disposal legislation.

ANSWER TO QUESTION 15

You inquired whether I can assure the Congress that in the event the Department wins the case of *U. S.* v. *National City Lines, Inc., et al.* (Civil 49C1364 (S. D. Cal)), (a case involving a conspiracy to acquire ownership and control of local transportation companies in various sections of the United States and an alleged attempt to restrain and monopolize interstate commerce in motorbuses, petroleum products, tires and tubes sold to local transportation companies), that the trade restraints charged in this proceeding will be effectively eliminated. As you, Mr. PATMAN, particularly well realize, it is impossible to assure that any defendants will abide by the antitrust laws, or the Government's interpretation of those laws, in any particular set of circumstances. In this case we prayed (1) that the court grant an injunction against the continuance of defendants illegal practices, (2) for cancellation of the illegal supply contracts, (3) that supplier defendants be required to sell their stock in National City Lines and its affiliate companies, (4) for such divestiture of National's holdings in local transportation systems as is necessary to dissipate the effects of the illegal conspiracy, and (5) that the local transportation companies controlled by National City Lines buy their supplies by competitive bids.

As you are no doubt aware the Government is not always completely successful in securing all of the relief which it may request in a particular proceeding. The case to which you refer is, of course, still pending and I am unable at this time to assure you that the defendants will strictly adhere to such enjoinders as the court may grant, in the event the Government wins this case. I can assure you, however, that it is my purpose to be constantly vigilant in attempting to create and maintain a competitive economy in the fields covered by the National City Lines case.

ANSWER TO QUESTION 16

You ask about a pending antitrust case, *United States* v. *Standard Oil Co. of California, et al.* (Civil 11584-C, S. D. Cal.), which charges the major oil companies with a conspiracy to monopolize the production and transportation of crude oil and the production and distribution of petroleum products in the Pacific States area. I do not feel that it is proper for me to comment upon this pending case except to say that it is being actively prosecuted by the Department of Justice. It is for the court to pass upon this case after a full presentation of all of the evidence.

It is true that the so-called Mother Hubbard case (*United States* v. *American Petroleum Institute* (Civil 8524, D. C. for D. C.)) was dismissed by the Government without prejudice in 1951 to be superseded by separate actions involving fewer defendants. The Standard Oil Co. of California case involves similar issues.

We did not believe that we should turn down prospective purchasers for synthetic rubber plants on the ground that the Government had charged them with monopoly. Presumably, if they are found in violation of law in the oil industry, the court will provide adequate relief to reestablish competitive conditions therein. If found in violation as charged, it will be up to the court to determine what the remedy should be.

ANSWER TO QUESTION 17

The same comments given in answer to question 16 are applicable to your question with respect to the pending International Oil Cartel case (*United States* v. *Standard Oil Co. (N. J.) et al.* (Civil 86-27, S. D. N. Y.)).

ANSWER TO QUESTION 18

In our consideration of the disposal program we were aware of the various international meetings, conferences, and conclaves held to discuss the world rubber situation. We have, in fact, met with representatives of the Department of State to explore some of the problems involved in this field. In addition to the question of whether activities abroad in this field violate the antitrust laws, it is needless to point out that this subject involves a complex of many factors, not the least of which involves serious problems of international relations, our domestic tariff policy, national defense, and others.

The record shows that the Department of Justice is actively engaged in enforcing our antitrust laws with respect to illegal activities in foreign trade coming within the jurisdiction of our courts. Of course, we cannot legislate competition in foreign markets but we can insure that the free play of the forces of competition in foreign trade will not be obstructed or restrained by illegal agreements.

ANSWER TO QUESTION 19

The implications suggested by this question, in my opinion, are based upon a misconception as to the ownership and manner of operation that is contemplated at the Port Neches butadiene facility. While it is true that these facilities represent approximately 31 percent of the capacity of the industry for the production of butadiene, the proposed program does not contemplate their being placed under the ownership or control of a single company. Rather, four financially strong, sound companies will participate in this operation. This alone is an important distinction between this situation and the Bethlehem-Youngstown proposal. We have been assured by the Rubber Commission that the method of operation of these facilities will be such as to create competition between the participating companies with respect to the butadiene produced.

There is another important distinction between these two situations that should be mentioned. In the Bethlehem-Youngstown proposal there of course would be no competition between these two companies upon consummation of the merger proposal, whereas it is anticipated that competition between the two jointly owned companies participating in the Port Neches proposal will exist. The Commission believes that there will be genuine competition between them under the scheme of operations contemplated.

Further, the Port Neches situation involves facilities which, according to our information, cannot feasibly be physically divided. Thus, the alternative to permitting several companies to operate the Port Neches facility on a competitive basis would have been to permit 1 company to operate the plant, giving it approximately 31 percent of the total industry capacity. As we pointed out in a previous question, Congress was aware of this danger at the time the Disposal Act was enacted but gave no indication that a physical dissolution of these facilities was prerequisite to a sale. The Bethlehem-Youngstown situation, of course, involves numerous facilities not physically connected and not previously integrated, which would be brought under single ownership and control, a condition not found under the Port Neches proposal.

Mr. MORSE. Mr. President, I would like to bring up another aspect of this sale that disturbs me. I am thoroughly dissatisfied with the national-defense clause that is incorporated in the present contract. It seems to me that we should add some provisions to that clause. One of the basic changes that must be made in it, in my opinion, involves the question of what price the Government will have to pay for rubber in the event that another national emergency requires great military consumption of synthetic rubber.

The last item about this entire deal that I want to discuss is the sale price we are getting for these facilities. The Commission may add all kinds of figures and come up with a grand total of some $400 million as a sale price, but the hard fact remains that the actual price we are getting for these plants falls about $150 million short of that tidy sum. Even if the rubber manufacturers ask only the price that has been asked by the Government, they stand to make a profit—after taxes—that, at the very least, would amount to $25 million a year, and Senators can believe me when I say that that is a very conservative estimate. One immediate item of profit that they are going to receive, which the Government did not, is the 1-cent-a-pound fee that the Government paid them for producing rubber while these plants were under the Government. If we multiply 1 cent a pound times something like six or seven hundred thousand long tons of synthetic rubber that can be produced we have a tidy sum.

I want to make it clear, Mr. President, that my figure of profit for private industry does not include what would be their profit if they adopted a rapid rate of depreciation on these plants or raised the price of rubber. Remember, they have said that they will raise it.

In closing, Mr. President, I want to make it clear that I am for the sale of these facilities. But we are selling something that belongs to the people of the United States. We are selling something that they paid for and took the risk upon. We are selling it at a time when it is returning something like $50 million a year profit, on the average, over the last 4 or 5 years. Even after taxes, it is $25 million.

The Senate of the United States, as the representative of the interests of a people selling a tremendously profitable asset, does not have to go, hat in hand, begging these giant corporations for a fair sale price; nor does the Senate of the United States have to kindly ask these companies if they will please be real nice and not monopolize the synthetic-rubber industry of the United States.

It is our duty to tell them what the people want in the way of price and protection. This is our last chance to do it. It is our duty to tell them that we are going to write into the contracts protection against vertical monopolization of the rubber industry in this country. It is our duty to tell them that we are going to put a check on the trend toward economic fascism in this country on monopolistic control of our economy by big business.

I pray—and this is something that we should pray for—I pray that the Senate will come to its senses before it is too late, and reject the report of the Rubber Commission, and then proceed to live up to its clear duty of writing protection into these contracts along the line I have argued for this afternoon, in order to protect the people of this country.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point telegrams and letters I have received on this subject.

There being no objection, the telegrams and letters were ordered to be printed in the RECORD, as follows:

NASHUA, N. H., *March 16, 1955.*

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.:

Object to synthetic disposal program. Feel that it would jeopardize future of small rubber companies.

BEEBE RUBBER CO.,
E. COLEMAN BEEBE.

GETTYSBURG, PENN., *March 17, 1955.*

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

We oppose the sale of synthetic rubber plants to private industry on information obtained as it will be detrimental to the independent rubber manufacturers of rubber commodities.

VICTOR PRODUCTS CORP. OF PENNSYLVANIA,
JOHN L. MILLARD, *President.*

DOYLESTOWN, OHIO, *March 14, 1955.*

Hon. WAYNE MORSE,
United States Senator From Oregon,
Senate Office Building, Washington, D. C.

DEAR SENATOR: As one who spent over 30 years of management in the rubber industry, I am writing to urge you and encourage you in your efforts to stop the sale of our (the peoples') synthetic rubber facilities, built by the sweat of taxpayers and blood of fighting men, when the present bids are for monopoly or control of the industry and mean our dependency on big capital at big profits in another emergency. Certainly this sale is not in the national health, safety, or interest, and as what looks like "a big steal" should be stopped before real damage is done, and it is too late. Republicans, flush with victory, are making a Democrat out of me too.

Sincerely,

E. P. WECKESSER.

PORTLAND, OREG., *March 8, 1955.*

The Honorable WAYNE MORSE,
United States Senate,
Washington, D. C.:

We protest the sale of our synthetic rubber plants to private enterprise at giveaway prices.

J. W. GILLESPIE.

PORTLAND, OREG., *March 7, 1955.*

Senator MORSE.

DEAR SIR: I am enclosing a clipping from the paper and am asking you to give it your consideration, if it is possible.

To me this appears to be some more of the present administration's giveaway policy. I would like to hear your views on this.

Sincerely yours,

PALMER ROBERTSON.

ALOHA, OREG., *March 9, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR: I am deeply concerned about an article in the Oregon Journal, March 7, which I am sending you and hope you will do something to remedy the situation.

I admire your sound judgment and the courage to stand by your convictions, so I know that you will take a hand in this sellout.

Most sincerely,

MAUDE E. MILSTEAD.

SOUTH PASADENA, CALIF., *March 11, 1955.*

DEAR SENATOR MORSE: We spent 2 days this week with friends from Oregon. A portion of the time was spent in trying to convince them it was necessary these days to read and study all the facts concerning our national interests instead of accepting one train of thought. If they did, they wouldn't vote just because it is Ike running.

Hope you receive some cooperation from them and their group.

Another reason I'm writing is our great concern about release of rubber factories to the various tire companies at such low figures. With the uncertain world conditions we face today, with the date of March 26 as deadline, if Congress doesn't act at once, another big-business grab is in the making.

I know you are well aware of this and the pressure of many other situations like it.

But we just want you to know we, too, are interested.

Wish you the best of luck always.

Sincerely,

MR. AND MRS. H. B. KREBS.

MONROVIA, MD., *March 11, 1955.*

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Enclosed is a clipping from today's Washington Post. Of course, I know that Drew Pearson has to grind out a column every day, but somehow, there seems to be substance to his story. I commend it to your attention as fides defendor.

I was fortunate enough to be present at George Washington University on Wednesday evening and was much impressed by your enunciation of standards of integrity in government and your belief in them.

Sincerely yours,

M. F. KAHN.

PORTLAND, OREG., *March 9, 1955.*

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR: In yesterday's Portland (Oreg.) Journal, Drew Pearson wrote about the giveaway proposal of the Nation's rubber plants, even citing that in 1954 they earned $73 million profit, yet are being offered in total for $260 million, and while you undoubtedly know about this, as a taxpayer, I wish to urge your immediate attention in checking into the matter.

I am a registered Republican, but it seems to me that the big idea with the Interior Department and others in the Cabinet as well as a lot of Congressmen is to try to make the big boys bigger, and this at the expense of the taxpayer.

Appreciating your attention, I am,

Sincerely yours,

CARL J. BAILER.

LITITZ, PA., *March 12, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR: I see by the papers, Drew Pearson's column as of March 11, that unless Congress acts to block it before March 26, the synthetic rubber plants will virtually be given to private interests. Mr. Pearson figured at about 15 cents on the dollar. What is the matter with Eisenhower? He should have his head examined.

May I urge you to oppose this treacherous motion with all the vigor that lies within you. Eisenhower must be stopped before he strips the country of its resources.

Then, too, I think we are meddling too much in Asia. Chiang Kai-shek does not deserve our support when it may ultimately drag us into a war that might destroy all civilization.

Thank you for the invaluable services you have rendered our country, and your bold and fearless opposition against all forces of evil. I am eternally grateful to you for that.

JEROME K. GREINER.

SCRANTON, PA., *March 12, 1955.*

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR: I am troubling you because I feel sure our two Senators from Pennsylvania are not in favor of my idea. I think we should keep the synthetic rubber plants. To me it seems that we are making a present of these plants to a few companies. I understand that the production has been cut down thus creating a shortage in rubber.

Mighty nice for those taking over these plants. I remain,

Yours truly,

WILLIAM BARTLEY.

USEPPA ISLAND CLUB,
Boca Grande, Fla., March 11, 1955.

DEAR SENATOR: I like to think of you in a national crisis, or scandal, or gyp, and so I turn to you as a last resort, it is getting late. Our synthetic-rubber plants are to be handed over—lock, stock, and barrel—to the big rubber interests on March 26 (on a golden platter). Two hundred million dollars for all that investment; the plants bring in a profit of more than that in 4 years. In the final, the plants won't cost 'em anything, scot free. Gad, Wayne, don't let it happen. Make 'em pay a reasonable price and take all of them, not just the cream, it would be wise for the Government to retain 'em, the way the Commies are closing in, in the Far East. Please get in there and block this lousy deal, for God sake—if you can. If you start the ball rolling you will have help surely.

C. E. JEWELL.

PORTLAND, OREG., *March 8, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR MORSE: We wish you to know that we are very opposed to the Government selling the rubber plants to private industry as these plants are much too necessary in case of war. Private industry would only increase the price of rubber and make profits for a few.

There is too much talk of the partnership plan—when that plan is only to help the rich become richer.

We appreciate your efforts in trying to work for the good interest of our State and our country.

Sincerely,

JEAN MCNEEL.
J. C. MCNEEL.

SCOTTSBLUFF, NEBR., *March 14, 1955.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR MR. SENATOR: We wish to commend you on your efforts to promote publicly produced power projects, most economically, as in the current Hells Canyon controversy. I am not familiar enough with the two possibilities to know exactly but it seems you are urging the better project, in that private power interests will not have the advantage.

Also just as difficult is to check the turning over of publicly built synthetic rubber plants to three or four private companies. While the Senate haggles over a $20-plus cut in income tax, the rubber users, which include us all, may lose thousands of dollars every year in increased cost of rubber and associated products. It is a critical time to lose our partial control of that important commodity.

God bless your work in behalf of people in general.

Yours respectfully,

ELIZABETH GROSS.
R. G. GROSS.

SANTA BARBARA, CALIF., *March 8, 1955.*

Senator WAYNE MORSE,
Senate Building,
Washington, D. C.

DEAR SIR: Surely the Senate will not let the President give away our synthetic rubber plants when they have made about $78 million profit the last year and when the Communists are pushing closer and closer to the rubber producing part of the world. I hope you will oppose this giveaway.

I would also like to know why the United States has refused to let about 2,000 Chinese students go home who have been trying to get the permission to go for a year or more? We have raised a great hullabaloo about 20 Americans being held by the Chinese Communists. Seems rather inconsistent does it not? Maybe if we would play the game they might also.

I understand this will be done March 21.

Yours truly,

HARLAN R. STONE.

MARCH 14, 1955.

Senator WAYNE MORSE:

We are utterly opposed to the Government sale of synthetic rubber plants. Thus far we could get no positive assurance from prospective purchasers as to deliveries or price and we are afraid this will eventually put us out of business. Please do your best to prevent the sale.

BRADSTONE RUBBER CO.,
I. V. STONE, *President.*

TROY, PA., *March 14, 1955.*

Hon. WAYNE MORSE,
Senator, Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: Since I have more confidence in you than any other Member of Congress, I seem to trouble you most with the things over which I feel concern about in the Government.

Perhaps you read Drew Pearson's column Synthetic Rubber Already Short as United States Sells Plants, in which he said that unless Congress acts to prevent it, the plants will be sold by March 26 to private companies for a price just four times the annual profit average of these plants. It seems absolutely tragic to us, that this, and other Government projects or property, in which the taxpayers' money was invested, should be turned over to private interests to take the profit on the investment which rightfully should go back to the United States Treasury in order to lessen the burden of taxation, especially for the lower income group who need a subtantial tax break so much. ($20 per person is inadequate at present prices and $10 isn't a drop in the bucket—the whole $10 could be spent at one time just for groceries alone, and still not have more than a market basket full.)

Besides, with a constant threat of war facing the United States, the Government may need these rubber factories at any time, for war supplies. Why should the Government be allowed to sell them to private companies and then have to buy the rubber from them at a much higher cost to the taxpayers?

It just sends my blood pressure soaring every time I think of the way President Eisenhower and his Cabinet have been turning over publicly owned Federal property to private interests without the knowledge or consent of the public, whose money was invested in these projects and who should receive the benefit of the returns on these investments, instead of some selfish private concern being allowed to take over and reap all the profit from the public's investment.

I know that you have already fought hard and long to prevent the "giveaways" and to protect the public interest; and I truly hope that you have not become too exhausted or discouraged from it to fight some more to prevent all present and future giveaway plans of this administration. (How we wish that you were the President of the United States—I am sure that there is no one better qualified or more deserving of it than you. The Democrats should be flattered to have you join their party and since you have, I plan to suggest your name for the Presidency to the Democratic National Committee.)

Hope you are successful in your efforts to secure Federal construction of Hells Canyon Dam.

Is it not possible to rally enough public-minded Congressman to act before March 26 and prevent the administration from turning the Government rubber plants over to private companies? I truly hope so, for I am deeply disturbed over the loss it would mean to the public.

We have always felt deeply grateful to you for sacrificing your time and energy to make the long speeches which you did in Congress to alert the public and prevent other giveaway plans of this administration. It is an excellent way to attract the attention of the public; since many people do not pay much attention to what occurs in the Government unless it is making headline news.

While writing, I wish to say that we fully supported your stand on the Formosa resolution, too. We certainly hope that enough Members of Congress will exert as much influence as possible to prevent the administration from making any aggressive moves which would involve us in a war with Red China; or would cause American lives to be sacrificed for any of the coastal islands, including Quemoy and Matsu. We believe that Formosa should be protected from Communist aggression, but it should be a U. N. action, and not undertaken by the United States alone.

It is our understanding that the people of China starved by the millions under Chiang's rulership, and that they did not like Chiang—the reason they turned to the Communist leader and drove Chiang out. It seems to us that Chiang should be grateful enough that the United States allowed him to take refuge on Formosa without asking anything more of the United States, and we think that the American taxpayers have done enough for Chiang's benefit, both before he was chased out of China, and since; without having to sacrifice any lives just to save his wounded pride, or to pay off someone's personal obligations to the China lobby.

We do not understand how the President can expect to get a cease-fire agreement from the Red Chinese, while he allows Chiang to blockade their coast and make aggressive attacks on them. It seems to us, that the best way to obtain a cease-fire would be to force Chiang to abandon the coastal islands, cease all aggressive moves, and withdraw to Formosa and the Pescadores; then enlist the support of our allies in issuing an ultimatum to the Red Chinese to leave Formosa alone or risk retaliation from our allies, as well as from the United States. If you approve this policy, could you not do something to help bring it about and prevent our involvement in another war, please? We think the honorable thing for the United States to do would be to make Formosa a U. N. trusteeship with provision for free elections. This would probably eliminate Chiang and his unreasonable demands of the United States.

Respectfully yours,

(Mrs.) L. W. Prentice.

Rogue River, Oreg., *March 12, 1955.*

Dear Mr. Wayne Morse, esteemed Senator and fellow Democrat from Oregon: Am one among hundreds of men and women in our State that commend you in your sincere and deep thinking and decision in joining our great Democratic party. More power to you in your efforts in all the tasks that confront you in your daily duty as our Senator from our great State.

I for one heard your wonderful talk in Medford, your last appearance there, and thoroughly enjoyed every bit of it.

When you and I shook hands and greeted each other that day I asked you what about an inquiry to you from any of us taxpayers on subjects that might be bothering us and you said to write you at any time and you would sure answer it. You no doubt have seen the enclosed clipping from the Portland, Oregon Journal.

This along with all the other giveaway deals like tideland oil, timberlands, now our rubber industries, and what next? Guess the Republicans would sell the White House too if they thought they'd get by, by so doing.

I truly hope that the efforts of our great Democratic Party in November 1956 will make a picture of success and victory that will be stamped in everyone's memory from now on.

With all success and victory to you in your efforts for our benefit and in general for our U. S. A. I am with you 100 percent and more people are doing the same as I.

We are having Democratic meetings now and intend to until November 1956 which I am sure will see a Democratic victory hands down.

I am,

Very respectfully yours,

Mr. C. J. Babb,
A long-time Democrat.

Oswego, Oreg., *March 11, 1955.*

The Honorable Wayne Morse,
United States Senator.

Dear Sir: I am writing you for an opinion on something I've been kicking around in my mind. Isn't there some way to tax advertising, I mean big advertising at its source? It would seem to me that the billions of dollars that are paid out practically indiscriminately should be taxed and heavily after a reasonable fixed amount has been exempted. It gripes me to think that the full bill, including all entertainment can be written off as a legitimate business expense, while I could not even write off a funeral.

I should like to hear from you on this as I value your opinions. Also I hope to hear from you, Dick Neuberger and Herbert Lehman and a lot more of you I hope on the following items: The proposed sale of Government-owned synthetic rubber factories, the $20 per person tax cut, and the public power issue. With felicitations to you and yours, I am

Respectfully yours,

Prentiss Baker.

P. S.—I am also writing to my friend Richard Neuberger on this—may you both have lots of luck.

P. B.

Portland, Oreg., *March 17, 1955.*

Senator Wayne Morse,
United States Senate,
Washington, D. C.

Dear Sir: It has come to our attention that the Government is about to sell the synthetic rubber plant built with tax money, to the large rubber companies at a very low percentage-on-the-dollar cost.

These plants are showing a good profit to the Government. It is also contended that the large companies intend to hold production low enough that the small companies will be unable to buy rubber from them.

This certainly stinks. We have too much of this squeezing the little guy. If big business cannot hold its own against small business, we had better go back to small business again.

We understand that March 26 is the deadline at which time the sale is consummated, unless Congress intervenes.

We are a small group of engineers working for a large chain store. We are 100 percent behind you and Senator Neuberger in your championship of the little guy.

As our representative, please give this matter your attention. We would like to have an answer.

Respectfully yours,

Frank Burlingame,
Daryl Sundby,
Aloha, Oreg.
Lyle K. Huntington,
Portland, Oreg.
R. A. Hamel,
Milwaukie, Oreg.

Seal Rock, Oreg.

Senator Wayne Morris.

Sir: I have been reading Drew Pearson on the synthetic rubber plant giveaway.

He only had two different pieces in the Portland Journal.

It seems funny that we must go to a news commentator to see what is going on as we have never heard about it from any other source that I know of.

The whole thing adds up to this as I see it if the big rubber plants are so crazy to buy them why in the world don't they put the price where it belongs.

Seems like they spend so much time trying to beat us out of a little relief in taxes, and getting themselves a great big raise in pay that something like giving plants worth billions away for two or three hundred million is not to be noticed or are they afraid they will hurt themselves with the administration. I didn't write sooner, for I wanted to see what others had to say about it.

But, sorry to say, that seems to be the only times it has ever been mentioned that I can find.

Drew Pearson said or I mean wrote that if something wasn't done before the last days of the month the sale would automatically go through.

As a taxpayer I feel that I am a part owner in them, so to speak, and if they are going to sell them, looks to me like they wou'd get as much as they are worth then take that away from the original cost and even that much would help a lot.

Drew Pearson wrote that everyone was so busy trying to beat the $10 tax cut as far as he knew only one Senator was working against it, why is it so hush hush?

Seems like the American people would have some say in the sale of Government property, for they are the ones that own it and not only the President and a few of his special chosen men, giving it away.

Seems like if they sold the plants for what they were worth, they could give us the cut in taxes out of the difference in what they want to sell it for and what it is worth.

They are making money now, then why give them away for a little?

Well, I won't keep boring you with any more of this for I believe you know about it anyway.

If I am wrong in this, I would like to know it, but I will ask, what is to be done in this matter?

Sincerely,

Augustus S. Bosley.

P. S.—You are the only one I feel free to write to.

Portland, Oreg., *March 13, 1955.*

United States Senator Wayne Morse,
Of Oregon.

Dear Senator: In the newspapers I read many things that happen in the Government which are quite disturbing to me.

According to my information the Government is going to give away all our synthetic rubber plants but one, to the big rubber and oil companies—or I should say "practically give away." The one exception is a plant which is not wanted by any of these rubber and oil companies. This giveaway is going to take place on the 26th of this month, unless someone in Congress puts a stop to it.

How about it, Senator?

Yours truly,

J. BREVET.

OREGON CITY, OREG., *March 11, 1955.*

DEAR SENATOR: Something should be done if possible to block the sale of the Government synthetic rubber plants on March 26. Drew Pearson has the information on this.

Yours very truly,

MARTIN L. COWHERD.

GRESHAM, OREG., *March 21, 1955.*

Senator WAYNE MORSE,

Washington, D. C.

DEAR SENATOR MORSE: I certainly am opposed to this giveaway program of the President. The taxpayers bought these synthetic rubber plants, and why shouldn't we have a voice concerning the disposal of them? I am really disappointed in our President. It seems he is really letting big business take over.

I heard someone remark the other day that "Senator WAYNE MORSE is presidential timber."

I am enclosing three clippings which I trust will interest you.

Respectfully yours,

MRS. P. O. RILEY.

[From the Gresham (Oreg.) Outlook of March 10, 1955]

WHO ARE WE?

To the OUTLOOK:

In the February 17 issue of the Outlook there appears a paragraph in the editorial column that I feel needs either clarifying or modification. I quote:

"Interesting to note that national commentators on the political scene all agree that the placing of Senator NEUBERGER and Representative EDITH GREEN on three committees each was done more to curry favor with the voters than to honor these new Members of Congress or to recognize in them particular talents for the assignments."

It so happens that I follow the daily comments of Drew Pearson and Roscoe Drummond and a dozen other commentators whose writings appear in weekly magazines and papers, and yet I cannot recall reading a derogatory remark about either Senator NEUBERGER or Mrs. GREEN. And goodness me, if anyone is adept at dragging out skeletons and rattling them, or at rigging up dirt, it's Drew Pearson.

What do you mean by the term "all?" All the Republicans, or all the commentators whose opinions coincide with yours?

You must remember that Senator NEUBERGER has been an author of articles and books for several years and no doubt many people all over the country have become acquainted with him through his writings. He also traveled a good deal.

As for EDITH GREEN—there is a saying that after 40 we are responsible for our face. And so, anyone who has seen EDITH GREEN or even her picture, will see in her the embodiment of high moral standards and honesty and kindness. She will never become well known by endorsing "Four Roses" or "always milder, better tasting," or by appearing before various men's organizations in a Bikini bathing suit. But I feel she will have the backing of men and women with children, or grandchildren, who want Government officials with adherence to the old-fashioned morals and Christian principles.

And this reminds me of an anecdote. Last summer when Mrs. Floyd Davis, of Gresham, was touring New England with her daughter from Pittsburgh, they eventually arrived in Washington, D. C.

An elderly, retired Army officer agreed to escort them around the city and give them the historical data.

When they arrived at the Senate Building, the guide pointed to a certain place and said, "That's where Senator MORSE stood and gave his 22½-hour (?) speech." Whereupon Mrs. Davis told the guide she was from Oregon and began apologizing. The guide then said, "Oh, don't apologize for him, we're mighty proud of the Senator here." (He didn't explain who the "we" is.)

Don't you think it would be a good idea if we took off our glasses and wiped off the political mud so that we might give a fair chance to those that are chosen by a majority of the people?

MRS. ARTHUR DEMING,

TROUTDALE, OREG.

[From the Oregonian of March 8, 1955]

IS THIS FREEDOM?

To the EDITOR:

Some years ago De Tocqueville, of France, visited America and remarked: "I know of no country in which there is so little independence of mind and real freedom of discussion as in America."

Lord Northcliffe: "America is the home of the brave and the land of the free where each man does as he likes, and if he doesn't you make him."

One merely wonders what these two thinkers would have said had they been able to see us today when we have a license, a fee, a required permit, etc., to hunt, fish, park a car, to drive one, to own one, to be a citizen, to build a house, to lay bricks, to work, to conduct auction sales, to teach, to preach, and if things continue, there might be a required license to breathe and live.

As for taxes, never has history seen the like—excise, sur, Federal, State, county, city (is there a tax on taxes yet?), etc. I've barely mentioned some of the hedges, curbs, restrictions, checks, etc., that modern man is subject to. Perhaps, a great many more of these will be added in order to make it possible to live on such standards as we do. The big question, of course, arises, Is this freedom? Or the abuse of freedom?

One is reminded of the statement made during the French Revolution: "Oh, Liberty, what crimes are committed in thy name." Or of what Napoleon once did in a rescript he issued: "I give you perfect liberty, but he who disobeys these rules will be summarily shot."

PAUL BRINKMAN, Jr.

[From the Oregonian]

TOO MUCH POWER

To the EDITOR:

I note that a bill has been introduced in the House of Representatives to abolish the State board of control and to put its institution-directing powers in the hands of the governor. Several of the sponsors of the bill are men of highest standing.

For some time, a bill has been pending in the California Legislature to abolish the treasurer, the controller, and those who have charge of the income-tax division and all offices relating to finance. Their bill, like this one proposed in Oregon, seems to have the purpose of throwing practically all the important matters of the State of California into one giant structure with the governor the supreme commander. He would make all appointments in the departments that would be merged into his keeping, with the accompaniment of power and patronage. If that measure passes it will give California a virtual one-man government.

We, in Oregon, are not too far removed from the pioneer state when men and women, too, were individually strong. When they laid the basis for our government, they certainly never envisioned any such plan as that proposed in this measure.

If one is looking for complete efficiency, the only way to achieve it is to vote ourselves into the Russian system where the ruler is in supreme command and the rest of the people don't have to bother about choosing their candidates or voicing any opinions.

If a majority of our legislators will pause and look at this proposed plan objectively, I think they will realize that, while we have a beneficent ruler in our governor now, there is no assurance that we will have that kind of person in the future. It would make the office of Governor of Oregon extremely attractive—to those who would abuse its power.

I plead earnestly with the able men and women in our Oregon Legislature who are intensely patriotic, who believe in the 2-party system, who believe in the system of checks and balances, to hold fast to the present board of control made up of the secretary of state, the State treasurer, and the governor.

MRS. GEORGE GERLINGER.

COTTAGE GROVE, OREG., *March 18, 1955.*

Senator WAYNE MORSE,

Washington, D. C.

DEAR SENATOR: Enclosed is article by Drew Pearson I removed from the March 18 issue of the Portland (Oreg.) Journal.

The article is self-explanatory and my reason for forwarding same to you is that I, as a log trucker, am directly affected.

In the past 3 months, truck tires have had two 5-percent increases, and a tire salesman tells me that another raise is expected in a week or 10 days.

Do hope that you will be able to dig into this and see if it is possible to stop these increases.

Respectfully yours,

RAY NEVIN.

PORTLAND, OREG., *March 15, 1955.*

Senator MORSE.

DEAR SIR: In reading Drew Pearson's article about giving the rubber plants away, I am wondering if the Congress is going to permit it to pass on March 26. We sure hope not.

Yours truly,

Mr. and Mrs. RALPH L. CARSON.

WEST LINN, OREG., *March 14, 1955.*

Senator WAYNE L. MORSE.

MY DEAR SENATOR: I admire the things you and Senator NEUBERGER are trying to do for Oregon as a State and for the small taxpayers in general. Therefore, I feel compelled to call to your attention the enclosed clipping and implore you to bring it to the attention of other representatives of the taxpayers.

Can't something be done about so many giveaways?

Yours for success,

Mr. and Mrs. EARL HEREFORD.

BIG RUBBER PLANT DEAL NEAR CLOSE

(By Drew Pearson)

WASHINGTON.—It has been ignored in the congressional hoopla over pay raises and tax cuts, but the Nation's rubber tycoons are quietly waiting for another type of windfall from Uncle Sam—all wrapped up and ready for delivery in 20 days.

The prize is 11 synthetic rubber plants, built by the Government at tremendous expense during World War II, but now about to be sold to private industry for a song.

For some time the rubber companies have cast a covetous eye on these profitable plants owned by the taxpayers. But now they won't have to wait much longer—due to a quirk of law and the anxiety of the Eisenhower administration to "get the Government out of business."

In 3 weeks—on March 27—the synthetic plants will be sold at bargain prices to a group of private companies unless Congress intervenes to stop the transaction. Strangest aspect of the deal is that a great majority of Senators and Representatives, busily occupied with the tax and pay-raise battles, is completely unaware of what is going on.

However, here are the facts:

The Rubber Producing Facilities Disposal Commission, appointed by President Eisenhower to sell the Government's synthetic rubber plants, sent a letter to Congress on January 27 outlining the bill of sale to Firestone, Goodyear, United States Rubber Co. (subsidiary of General Motors), Goodrich, Shell Oil, Phillips Petroleum, and others.

Under the law the deal goes through 60 days later, or on March 27, unless either House of Congress adopts a disapproving resolution before the deadline. The proposed sale price for the 11 synthetic plants—about $260 million—is far out of line with either their original cost or their current worth.

These factories made a profit of $73 million for Uncle Sam a year ago, and with the Communists now in virtual control of Indochina and inching rapidly down toward the vital rubber areas of southeast Asia, many military men feel this is no time for the Government to abandon its rubber factories.

Incidentally, not one single small-business concern is among the preferred purchasers selected by the Rubber Producing Facilities Disposal Commission to take over these plants. Besides the big rubber companies, the list includes Sears, Roebuck, Texas Oil, Armstrong Rubber, Anaconda Copper, Endicott Johnson, and the American subsidiary of Dunlop Tires, Ltd., of Great Britain.

SID YATES, Democrat, of Illinois, a member of the House Small Business Committee, is making last-minute moves to stop the sale.

LYONS, OREG., *March 21, 1955.*

The Honorable WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SIR: Why haven't we heard your voice in protest about the sale of these United States owned synthetic rubber plants?

Yours very truly,

EDWARD E. CRUSON.
FRANCIS G. CRUSON.

MICHIGAN COLLEGE OF MINING AND TECHNOLOGY,
Sault Ste. Marie, Mich., March 19, 1955.

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR MORSE: May we express our full sympathy and appreciation to you for your efforts in behalf of the people's interest and investment in the synthetic rubber plants, and the opposition to their sale to the already monopoly sized rubber corporations.

We regret likewise the limited support which your efforts received, but it does put "on the record" the facts and information of trends and actions by these interests. And we hope these facts can be still marshalled for more effective opposition in the future.

Very truly yours,

Prof. MILTON E. SCHERER,
Chairman, Social Science Department,
M. C. M. T.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time taken in the call of the quorum be not charged to either side.

The PRESIDING OFFICER (Mr. PASTORE in the chair). Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PASTORE in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished Senator from Utah [Mr. WATKINS].

COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS

Mr. WATKINS. Mr. President, it is my extreme pleasure to announce to this body that the Congress of Industrial Organizations has now joined forces with the 3 million residents of Colorado, New Mexico, Utah, and Wyoming who are actively supporting S. 500, a bill to authorize the Colorado River storage project and participating projects.

This action is especially gratifying to me, because this great water development project is of primary interest to all of those who work in the 4-State Upper Basin and who would like to see that area expand industrially and economically to provide jobs to support the inevitable population growth of the future. It is a forward-looking economically sound program that all labor unions and anyone else interested in the welfare and security of America can support with full confidence.

The CIO news release announced that it had reversed its previous stand of opposition to the Echo Park unit of this great project. This indicates that another organization which has publicly opposed the project, because of misleading information issued by the southern California water lobby and by certain self-styled spokesmen for conservation groups, has now taken a look at all the facts and concluded that it can support the project without reservation. More will do that between now and the time when the implementing measure comes before the Congress for a vote later this session.

I will have more to say in a day or two about the misstatements and misconceptions that have been deliberately fostered by people who would like to deprive 3 million people now living, and their descendants for untold generations to come, of vitally needed water.

Meanwhile, a grass roots citizens' group in our area has just compiled a list of statements by wildlife and conservation experts which indicate that this project already has generated considerable support from such individuals and groups throughout the country. I request unanimous consent to have these statements printed at this point in the RECORD as a part of these remarks.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

CIO VOICES SUPPORT FOR CONSTRUCTION OF ECHO PARK DAM IN COLORADO

CIO support for the construction of the Echo Park Dam in Echo Park, Colo., as part of the upper Colorado River storage project, has been voted by the CIO Committee on Power, Atomic Energy, and Resources Development, it was announced today by Chairman O. A. Knight.

Mr. Knight, who heads the CIO Oil, Chemical, and Atomic Workers International Union, said the decision followed an extensive meeting of the committee in Denver late last month.

In reversing its previous stand of opposition to the dam, Mr. Knight said the committee now supports the dam project as a means of securing maximum benefits of water for irrigation and municipal purposes, as well as the development of electric power for expansion of the upper Colorado Basin area.

Mr. Knight's statement:

"From a careful study of the facts which have been presented to me and my committee, I am persuaded that the maximum benefit to mankind will result from the earliest possible completion of the upper Colorado storage project including Echo Park Dam. The engineering prospects provide facilities for recreation for those now interested in the scenery and wildlife aspects of this area, as well as substantial regulation of the water flow in the river and a head of water for the production of electric power. This power is needed for the expanding population and industrial growth in the Mountain States. Salt Lake City, Utah, and Denver, Colo., and the total area between these two growing cities will greatly benefit from the earliest possible development of the total upper Colorado storage project."

HOW CONSERVATIONISTS FEEL

Here is what conservationists who are informed and acquainted with the area affected say about this proposed project.

The following resolution was adopted by the 11-State Western Association of State Game and Fish Commissioners, May 5, 1954:

"Whereas President Franklin D. Roosevelt, in his proclamation enlarging the Dinosaur National Monument, published in the Federal Register of July 20, 1938, specifically stipulated that 'the administration of the monument shall be subject to the reclamation withdrawal of October 17, 1904 * * * in connection with the Green River project,' and

"Whereas the post-project wildlife and recreational values of the upper Colorado River project will be far greater than the undeveloped river now possesses: Now, therefore, be it

"*Resolved*, That the Western Association of State Game and Fish Commissioners go on record as approving the report of the Secretary of the Interior, recommending the development of the upper Colorado River storage project, including the construction of Echo Park Dam; and be it further

"*Resolved*, That a copy of this resolution be sent to the Budget Director and to the appropriate congressional committee."

Seth Gordon, California: Noteworthy at this 11-State meeting was the stand of the California representative, Seth Gordon. Mr. Gordon, one of the foremost conservation experts in the United States, not only voted for the Echo resolution but was instrumental in strengthening the original language.

"I know I'll get a lot of abuse from the Sierra Club out home in California," Mr. Gordon said. "However, when a thing is right, it is right and I have to stand up for it—abuse or no abuse.

"When Dinosaur Monument was enlarged, it was promised that it would not interfere with future water and power development and we cannot go back on a bargain."

Herbert F. Smart, Utah: Mr. Smart, secretary and former president of the Utah Wildlife Federation, Finance Commissioner of the State of Utah, and member of the Land Policy Committee of National Wildlife Federation, says:

"The Echo Park Reservoir will greatly enhance the wildlife and fisheries resources of Colorado, Utah, and Wyoming. It will improve our fisheries resources, aid our waterfowl population, increase our upland bird population when new irrigated lands are put under cultivation, and will not be detrimental to our big game. Conservationwise, construction of Echo Park Dam means that we will drown a few rocks in the lower levels of these high canyons (for which the country was named because of its superabundance of rocks) and by so doing materially increase our wildlife resources in a desert land."

Thomas L. Kimball, Colorado: After having biologists of the Colorado Game and Fish Department make an extensive study of post-project benefits from the construction of the Echo Park Dam, Thomas L. Kimball, director of Colorado Game and Fish Department, found the post-project fisheries benefits in the affected areas would be more than 50 times those found in the river in its present condition. He therefore concludes: "There can be no other conclusion drawn than the fact that the construction of Echo Park Dam would provide significant enhancement to the region from the fisheries standpoint." He further found there would be no material adverse effect on game and game birds and a probable great increase in waterfowl development.

Lester Bagley, Wyoming: Mr. Bagley, Game and Fish Director of the State of Wyoming, says: "I am firmly convinced that the area as it now stands is so inaccessible and will always remain so unless large sums of money are spent for roads—that wildlife potential would be increased many fold if these proposed dams were constructed."

J. Parry Egan, Utah: The director of Utah's Fish and Game Department, after study of the proposed project found a fisheries benefit many times in excess of what presently exists and no adverse effects on other wildlife. He is an enthusiastic supporter of the project from a conservation standpoint.

Leo Young, West Virginia: Editor, Wild Life Notes, the official publication of West Virginia's Sportsmen Limited, Inc., says, after running an article favorable to the project: "Remember, those people who live out West know what they want."

Roy Despain, veteran professional Colorado River runner, makes this corroborative statement: "The proposed Echo Park Dam in Whirlpool Canyon would stop my river trips and my desire to have my posterity have this experience would be denied. Yet with this loss I feel that this project would create more beauty than it would destroy. Where in the world could a clear blue lake extending up this majestic gorge be duplicated? The possibility of adventure by boat on this body of water is exciting.

"Considering the limited number who are now able to take this river trip, as compared to the thousands who could enjoy it if it were developed, and considering the danger presently involved, I feel that if I were to oppose this dam I would be selfish and narrow minded. So I wish to add my support to this project and request that you do all in your power to assure the building of this dam."

Harry Aleson, Colorado River boatman, who knows the area like the palm of his hand, says:

"This Colorado River boatman has gained a little knowledge in the rugged domain where he earns his livelihood.

"Yet he feels that to fight against the building of dams, reservoirs, powerplants, irrigation projects, recreational areas would be highly unintelligent, even if for purely selfish reasons.

"To those who know, the building of an Echo Park Reservoir would inundate perhaps one-one hundredth part of the beauty of Dinosaur National Monument. It would spoil river running in the area for a handful of adventurers. On the other hand, within comparatively few years, the visitor count into the new recreational area would mount into the hundreds of thousands. These many persons would have ready access by lake and roads to this great beauty, where but a small handful visit now by river boats."

Mr. and Mrs. G. E. Untermann have been closely associated with the area for more than 30 years. They have mapped the geology of the entire area.

Mr. Untermann served as ranger-naturalist at Dinosaur National Monument for many years. At present, he is director of the Utah Field House of Natural History at Vernal, Utah. He says:

"Our lives have been devoted to conservation, and we see the need for the proposed project. We know the area and realize that its beauty won't be destroyed."

Mr. Untermann pointed out that the proposed project will not inundate dinosaur beds, despite the statements of some opponents of the project.

"The dinosaur quarry is miles downstream from the damsite and high above the river bed," according to Mr. Untermann. Actually, most fossils have been removed and placed in museums. About all that is left is a hole in the ground from where they came.

"It's amazing to me how irresponsible, misguided and uninformed some people are about this area," Mr. Untermann said.

"If this upper Colorado River situation could be resolved on a basis of merit, right, and justice, it would be materially simplified."

Speaking just before going to Washington to appear before the House Committee studying the upper Colorado River project, Mr. Untermann added:

"The task of obtaining approval of the project has become unnecessarily difficult because of the legal shenanigans, economic dishonesty, and emotional fantasies created by misguided 'conservationists.' "

"We will do all we can to contribute our wee mite to the clarification of this stupid hullabaloo and get a bit of realism into the whole thing," he said.

Finis Mitchell, explorer and photographer, said he decided to photograph Lodore Canyon "because I read so much of how construction of the Echo Dam would forever flood and destroy the Dinosaur National Monument.

"I found such reports were utterly false and completely and deliberately misleading. Construction of the Echo Park Dam would merely make it possible for people to travel the canyon by boat in safety and view the entire monument. In other words, this dam would simply develop this monument to a point where people would have something to enjoy.

"From 2,000 to 2,600 feet of the canyon always will remain untouched, for people to view and enjoy, after the dams are built.

"The problem is to tell our story to the people of the United States."

George Harris, New Mexico: In letters to the editor, Deseret News, July 31, 1954, George Harris, of Albuquerque, N. Mex., writes:

"For several years I have been interested in the Echo Park Dam controversy, mainly siding with the 'conservationists,' although without too strong a conviction either way.

"During the past summer I visited this area again and included a trip down the Yampa from Lily Park to Echo Park, and I believe many of the arguments against the building of this dam are without a solid basis.

"The area involved in Dinosaur National Monument is classed as semidesert, with its accompaniment of deep dry gorges, a scrub type of vegetation, and comparatively little water. The dam itself would be confined, in the main, to a very narrow gorge, not much wider than the present river, and would still be below the rim of the confining canyon walls. The bulk of the monument would still be as inaccessible as it is today."

William E. Scheele, naturalist, Cleveland, accompanied a party of Clevelanders representing the Cleveland Museum of Natural History, and visited Dinosaur National Monument in search for dinosaur fossils in the summer of 1954. Writing for the Cleveland Post about their findings, Mr. Scheele (who is director of the Cleveland Museum) said:

"As we learned more about this country (Dinosaur National Monument), we became aware of a very deep current of feeling among the residents about the proposed Echo Park Dam. We were questioned within the Park and in Vernal by many citizens who felt that since we represented the Natural History Museum we must be against the proposed dam.

"I must admit that I had written so previously, but I must also admit that I was wrong in doing so. Seeing the country in which the canyon waters will be impounded we also saw the good that such stored waters could do this arid but fertile region.

"It was proven to us beyond doubt that many of the arguments that had been advanced by conservation groups opposing the dam were without basis in fact and the opposition unjustified.

"The Dinosaur Monument and adjacent beauty spots will not be spoiled by this dam and its impounded waters. In fact, the development of this lake will make the area 100 times more accessible to those who would like to see it, and the water will cover only 500 feet of a dangerous canyon bottom that is more than 2,700 feet deep.

"It seems as though 3 or 4 Far Western States are confusing the issue in their efforts to permit more water from the upper Colorado River to reach their own home States before it is distributed."

Dr. J. Leroy Kay, Pittsburgh, curator of vertebrate paleontology, Carnegie Museum, Pittsburgh, Pa. (who spent 8 years excavating dinosaurs in Dinosaur National Monument):

"I feel sure that the building of Echo Park and Split Mountain dams and the reliefing of the dinosaur bones at the Dinosaur quarry will make the Dinosaur National Monument one of the outstanding attractions of our national parks and monuments."

Wildlife conservation organizations of Arizona, New Mexico, Utah, and Wyoming have unanimously endorsed the Echo Park Dam. Other wildlife conservations groups of the mountain west have withdrawn their opposition.

The above statements from experts who know the proposed project or have visited it cover but one phase of the subject. Other benefits too numerous to mention here await the west and the Nation if Echo Park Dam and related projects in the upper Colorado River storage plan become realities.

Dr. Kay's complete testimony relative to Echo Park Dam before the 1954 Senate hearings is appended herewith.

STATEMENT OF DR. J. LEROY KAY, CURATOR OF VERTEBRATE PALEONTOLOGY, CARNEGIE MUSEUM, PITTSBURGH, PA., BEFORE SENATE IRRIGATION AND RECLAMATION SUBCOMMITTEE, 1954 SENATE HEARINGE

Mr. KAY. Mr. Chairman and members of the committee, I am very grateful to you for calling me at this time so that I might catch my plane for Butte, Mont. I have commitments on the 1st with a party from Princeton University and one from the American Museum in New York to gather some data for the Geological Society of America. I cannot very well delay the arrival.

Senator WATKINS. You tell us who you are, I assume, in your statement.

Mr. KAY. I am J. LeRoy Kay, curator of vertebrate paleontology at the Carnegie Museum, in Pittsburgh, Pa. I spent 8 years excavating dinosaurs at the Dinosaur National Monument—1915–23—and several summers in the area since that time.

There has been considerable controversy in regard to the benefits and damage to the Dinosaur National Monument by the construction of Echo Park Dam within the confines of the monument. I have read with much interest the pros and cons of this controversy as I have a deep personal interest in the matter, having spent many years in the area as a paleontologist. During this time I visited by boat, horseback, and on foot most all of the present accessible places in the study of the natural history of the area.

In the early days of the controversy the opponents of the dam maintained that the backed-up waters would cover the dinosaur beds for which the monument was primarily established. This argument is no longer used as it is well known that the waters from the Echo Park Dam will not cover the dinosaur beds.

Senator WATKINS. How about the Split Mountain Dam? Will that cover them?

Mr. KAY. No. Now the argument seems to be that it will establish a precedent for invading other monuments and parks and will distract too much from the natural beauty of the area. The opponents suggest other dam sites to replace the one at Echo Park.

When the President, by proclamation, enlarged the original Dinosaur National Monument to take in the Green and Yampa River Canyons and adjacent areas, he reserved the right for the Reclamation Service to build a dam, called the Brown's Park Dam site, within the confines of the monument area. This dam site is on the Green River below Brown's Park and would flood the upper part of the canyon and Brown's Park. So, in building the Echo Park Dam it would only mean building it at a more strategic spot but in no way establishing more of a precedent than at the Brown's Park site. Actually, reclamation has priority over monument rights in the area.

At the present time the only way to visit the canyons of the Green and Yampa Rivers is by boat and only by experienced river boatmen, so the only safe way for the tourist or vacationist to do this is to hire a boatman at considerable expense to take them through parts of the canyons, some parts not being safe for even an experienced boatman.

Senator WATKINS. May I ask you a question to qualify your testimony? Have you visited the Echo Park area?

Mr. KAY. Yes.

Senator WATKINS. More than once?

Mr. KAY. Many times.

Senator WATKINS. You were working in that area for how many years?

Mr. KAY. I was working there for 8 years steady and then I have been back nearly every summer since 1923.

Senator WATKINS. Are you a naturalist?

Mr. KAY. Yes.

Senator WATKINS. You may proceed.

Mr. KAY. It is true that trails, or even roads, could be constructed to the canyon rims where people could view the canyons at a distance but few would ever see many miles of the canyon walls close up where they could study the geological structures and fauna and flora, both living and extinct. A number of people have gone through the canyons of Lodore, Yampa, Whirlpool, and Split Mountain by boat and a few have lost their lives in the attempt. Which is the better judgment—to preserve these canyons as they are for a few daredevils to have the thrill of shooting the rapids or thousands of people visting these canyons by boat on still water?

One only needs to compare the additional number of visitors that each year visit the areas of the Hoover Dam in Nevada, the Roosevelt Dam in Arizona, the Grand Coulee Dam in Washington, or the Fort Peck Dam in Montana, to mention a few, to see what the results will be at the Dinosaur National Monument if the Echo Park Dam is built.

The alternate dams proposed by the opponents of the Echo Park Dam would not control a considerable amount of tributary water which empties into the Green and Yampa Rivers between these and Echo Park Dam site. From a naturalist's standpoint, the rocks covered by the waters from the Echo Park Dam are of less importance than those that would be covered by the alternate dams. The waters from the Echo Park Dam would cover, for the most part, the lower section of the Lodore formation—a nonfossiliferous Paleozoic formation which occurs and is much more accessible outside the monument. The waters from the Cross Mountain and Brown's Park Dams would cover most of the Brown's Park formation, which is not known at any other place. Such vertebrate fossils as proboscideans, rhinoceroses, camels, and carnivores of Upper Miocene and Lower Miocene age have been collected from the Brown's Park formation.

Senator WATKINS. That is the site where it is claimed that the President reserved a right to build a reclamation dam is it not?

Mr. KAY. Yes.

Senator WATKINS. And where the opponents say they would not object to us now building a dam?

Mr. KAY. The opponents, yes, sir. Being the youngest consolidated sediments in the area the Brown's Park beds are an important key to the geological history of the area.

There are many unique natural resources in the upper Colorado drainage area which need electric power and water for development and some of these are strategic minerals.

Senator WATKINS. May I ask you this question: You heard the propositions for alternate dams. Suppose these alternates would be of equal value as far as the production of power and the saving of water is concerned to Echo Park. What would you, as a naturalist, do? Would you be willing to take the alternate dams or what would be your judgment as to what should be done under those circumstances?

Mr. KAY. I would not take the alternate dams against the Echo Park Dam.

Senator WATKINS. Why?

Mr. KAY. Because the Echo Park Dam in my estimation is the only way, or dams within the park, to make traffic on still water for the many people that might visit the park possible, and the alternate dams outside the park would leave the tremendous burden on the national-park service which they wouldn't be able to meet; they don't have enough money to build roads, trails, or in any other way make the area, which is a beautiful area, accessible to a great many people.

Senator WATKINS. You have been at the dam site proposed for Echo Park?

Mr. KAY. Yes.

Senator WATKINS. What would be the situation there or what would it look like—I suppose you can project your mind to cover the situation—if the water were 525 feet deep at that point? What would happen to the scenery there?

Mr. KAY. The water impounded there, I think, would be about 500 feet. The dam is something like 525 or 550 feet high. There would be about four-fifths of the canyons as they are now still above the water if you built the Echo Park Dam and dammed the water to 500 feet. It would take 500 feet away from way over 2,000 feet at the dam site. And as it went up the river it would keep lowering on account of the stream, until when you got to the upper reaches of the stream, there would be a smaller amount of water.

Senator WATKINS. And the Lodore Canyon?

Mr. KAY. It would be 50 feet or so.

Senator WATKINS. Describe the canyon walls above it at that point.

Mr. KAY. It would be more than 2,000 feet above the water. Probably about 2,500 feet.

Senator WATKINS. What is the condition of the canyon floor at the present time from the standpoint of the scenic value?

Mr. KAY. There is one place where, as I stated, the Lodore formation which the Echo Park Dam would cover is better developed outside the monument than it is within the monument. We know nothing about it. It is nonfossiliferous. It would not cover all of the Lodore formation. It would cover about a third of it. There would be two-thirds of it above the water for future geologists to study. But the importance of the history of the area is found in the rocks above that. As the rocks of the earth's crust have been upheaved into a fold, which caused the Uintah Mountains, and by the way the only large mountain in the Western Hemisphere that runs east and west, it has thrown those rocks up and the last rocks deposited, whether they have been tilted or whether they have not been tilted, whether there is an unconformity between those and the rocks below, is the key to the history of when all of this upheaval took place.

So the rocks of the Brown's Park beds which the alternate beds would cover, is the key rock to the geology of the area.

Senator WATKINS. In other words, they ought to be trying to protect Brown's Park area rather than Echo Park?

Mr. KAY. That is why if I had the say-so, I wouldn't take the alternate dams in preference to Echo Park or Cross Mountain Dams.

Senator WATKINS. What vegetation grows on the canyon floor through the Echo Park area?

Mr. KAY. There are cottonwood all along the Colorado River. Along the sides there are some junipers, some bush brush, 1 or 2 berry bushes, like the buffalo berry bush, usually called the mulberry, and a few things like that.

Senator WATKINS. There are thousands of places in the West like that, are there not?

Mr. KAY. Yes; and within other parts of the monument that will not be covered by the water.

Senator WATKINS. What about the condition of the water through the area called Echo Park? I think that is a misnomer. I think it is a handicap the Reclamation has to overcome. The idea of many people is that Echo Park must be a park. That is just a geological name, is it not?

Mr. KAY. That is the name of that little area where the dam will be built.

Senator WATKINS. And was given to it by the first settlers, was it not?

Mr. KAY. Yes; given to it by the various first settlers. A lot of the area was named by Powell when he went down on his trip to the Colorado.

Senator WATKINS. What about the water with respect to carrying silt at that point?

Mr. KAY. Carrying silt? The USGS has been making estimates. I can remember when they were studying the silts in the water as far back as 1917. And they have been making studies since that time, about the silt. Of course, any obstruction that you put in there will retard the silt carried down the river.

Senator WATKINS. There is a naturalist in my own State, named Mark Anderson of Provo, Utah, who was a great conservationist. He described the river at that point as belching red mud. Would that be a correct description of it?

Mr. KAY. The river at that point, for most all of the year, is very heavily silted, and especially during high water. It sort of rolls instead of flows. But later on it clears up some in low water but never entirely. It carries a lot of silt. Naturally any stream that is with a gradient that great will carry silt.

Senator WATKINS. You may proceed with your statement.

Mr. KAY. There are millions of tons of hydrocarbons such as gilsonite, wurtzilite, nigrite, tabbyite, lusterite, ozokerite.

That is the only place they are found in commercial quantities.

Senator WATKINS. You are talking about the area and not the canyon?

Mr. KAY. Most of those are found within a short distance of Echo Park.

Senator WATKINS. How far away?

Mr. KAY. As the crow flies, 15 or 20 miles.

Senator WATKINS. You are not indicating that any of these would be covered by water, are you?

Mr. KAY. No; they would not be covered by the water. It needs the water and the power for the development of those.

Senator WATKINS. They exist in the area 15 to 20 miles away from there?

Mr. KAY. Yes. Some of them are 75 miles away.

Senator ANDERSON. So that actually the construction of this dam will greatly assist in the development of strategic minerals?

Mr. KAY. It is the only way they can develop them. Not entirely because they need water for the milling of these, but they need water for the people who would develop them. I think my next statement will answer that.

It is estimated that at 1 place 800 million tons of bituminous sandstone occurs and there are many such outcrops of this material in the area. There are mountains of phosphate, iron, and large deposits of coal, copper, silver, lead, zinc, uranium, etc. Aside from the electric power that is needed for the development of these resources, many of the areas lack enough water for every culinary use, to say nothing of water for other uses for the development of these resources.

I think Senator WATKINS knows that for many years some of those towns have been hauling water in tanks drawn by horses for culinary purposes, and now some of them are hauling it by truck. Now the water for drilling and so on is hauled by trucks, for great distances at great expense. Many of the towns have reached the peak of development due to the lack of water. The only practical way for many of these areas to acquire water for their future growth is from the development of the waters of the upper Colorado River.

It is estimated by the engineers of the United States Reclamation Service that the increased evaporation from the widespread waters of the alternate dams as against the narrow strips of water in the canyons from the Echo Park Dam would be considerable and while water is at a premium why waste it for sentimental reasons.

Probably 1,000 people have visited parts of the canyon areas of Dinosaur National Monument since the National Park Service took over and by far the majority, from various nature groups, visited there last year so they could say, for argument's sake, they had visited the area.

It is true that flooding the bottoms of the Green and Yampa River Canyons will change their appearance to some extent but there will still be a minimum of four-fifths of the canyon walls above the water, which will distract very little from the beauty of the area that is so glowingly described by the opponents of Echo Park Dam. To me there seems only one practical way to make an attractive area of Dinosaur National Monument so that it can be safely visited by the greatest number of people and that is to cover the present rapids with still water for safe boating.

If there are a few who would like the thrills of shooting the rapids let them try going through the Cross and Split Mountain Canyons and if they survive they will have something to tell their grandchildren.

Of course, the cost of building these dams would be prohibitive for the development of the monument for its scenic and eductional values alone, but so long as it is practical to build the dams for irrigation, power, and conservation of water, and the power will pay most of the cost, why not build the dams where they will do the most good?

Senator WATKINS. When you say the most good, to what do you refer?

Mr. KAY. The development of the Dinosaur National Monument as well as for power and water which the district needs.

Senator WATKINS. And for the purpose of making it available to the millions of people instead of a few thousand.

Mr. KAY. Millions instead of a few hundred. I might state that for the last 2 years I have been through the gates of the canyon north of Helena, Mont., in a boat. They built a dam at Wolf Creek, at the lower end of the canyon, and flooded it with about 50 to 75 feet of water. The canyons are less than one-third the height of what the canyons would be, say Whirlpool Canyon or Lodore and Yampa, if the dams are built in the park, and yet last year, on Sunday that I was there, there were more people that went down that canyon to view those walls which are a few hundred feet to maybe at the most a thousand feet high, there are more people that went on that Sunday than have gone through the Whirlpool, Yampa, and Lodore Canyons in its entire history and it wasn't built for that purpose.

I feel sure that the building of Echo Park Dam and Split Mountain Dam, and the reliefing of the Dinosaur bones at the Dinosour Quarry will make the Dinosaur National Monument one of the most outstanding attractions of our national parks and monuments, and that this can be accomplished in no other way.

Senator WATKINS. Any questions?

Thank you, Dr. Kay.

SALE OF RUBBER-PRODUCING FACILITIES

The Senate resumed the consideration of the resolution (S. Res. 76) disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Illinois [Mr. DIRKSEN], 5 minutes.

Mr. DIRKSEN. Mr. President, I am not disposed to detain the Senate very long. It occurs to me, however, that the basic issue involved here can be summed up in about one question, namely, whether a major industry should remain nationalized when there is a profitable opportunity to get the Government out of it.

Mr. President, I ask unanimous consent to submit the remainder of my remarks for inclusion in the RECORD at this point.

There being no objection, the remainder of of Mr. DIRKSEN'S remarks were ordered to be printed in the RECORD, as follows:

For almost 15 years, the manufacture of synthetic rubber has been a Government monopoly. There were good reasons for it after Pearl Harbor, but this is 1955, almost 10 years after World War II.

If you vote to keep the rubber plants under Government ownership, would you vote to take over the steel industry, the aluminum industry, or the coal mines? Of course you wouldn't.

When we can recover over $400 million for the Federal Treasury by the sale of the rubber plants, why are we hesitating?

Simply because advocates of public ownership are being heard again. Old arguments in new surroundings. They tell us we will be in the hands of big business monopolies. They ignore entirely the competitive aspects of American industry.

They suggest that the price of synthetic rubber will soar to fantastic figures under private ownership. What is keeping steel from going to $200 a ton? What is keeping a Ford car from going to $4,000? The answers are obvious.

The fact is that every country in the world would welcome the aggressive, hard-hitting competitive marketing that we have throughout the length and breadth of this land.

I submit that the buyers of these plants will direct that same knowhow and technical competence to the manufacture of synthetic rubber, when they acquire the plants. They testified that they were planning to spend millions of dollars to modernize these properties. These expenditures mean jobs. They mean building up the structure of American industry. They mean better products at lower cost.

No industrialist I ever heard of deliberately cut production to control price. He wants to run his plant at maximum capacity. These plant buyers have testified that they want to flood the market with rubber, and they have already started their salesmen out. They have solicited hundreds of small rubber fabricators for business at current prices charged by the Government.

I do not presume to know, nor can anyone know, how much money the buyers of these plants will make. I hope they make some. If and when they do not, we are in a depression. Depressions do not come along when people are making money. I am satisfied that no unreasonable profits will be made at the expense of the rubber consumer, whether he be large or small. Competition will take care of that.

And do not forget that for every profit dollar, Uncle Sam takes 52 cents. There has been a lot of loose talk about the Government profits in the synthetic rubber industry. Back in 1953, the Government did make about $60 million, but of course it paid no Federal taxes. Neither did the Government pay its full share of local taxes to local tax authorities. Some people talk about $60 million as an average profit. The Government has not come close to that figure before or since.

As a matter of fact, the total deficit of the Government since the plants were built, as of June 30 last year, is $194 million. Add to this the net book value of the plants as they stand today, and it will be found that the recommended sales of the Commission will recover 96.6 percent of the Government's investment in the entire rubber program since its inception. I call this achievement "full fair value."

And yet we are told: "Do not hurry. There is plenty of time to get the Government out of the rubber business."

When is a better time than now? When will the plants be worth more? When they are twice as old as they are now? They are already 13 years old.

If we pass up this opportunity to sell the plants, I can see no time in the foreseeable future when we can dispose of them so advantageously. I think the Commission has done a wonderful job. Consider the record and experience of its personnel.

Holman D. Pettibone, of Chicago, is chairman of the Board of the Chicago Title & Trust Co. He has been with that company 44 years. He has sold millions of dollars of industrial property. As the Chairman of the Commission, he applied the same standards to selling the Government properties as he has in private transfer of property.

Leslie R. Rounds of New York is a retired First Vice President of the Federal Reserve Bank of New York. He has dealt with business problems and balance sheets all his life. As a banker, he knows something about plant values, fair return on investment and depreciation charges.

Everett R. Cook of Memphis is a cotton merchant and exporter. He has been a shrewd trader in that commodity all his life. During World War II, he served as an Air Force colonel in the European theater. He is now a brigadier general in the Air Force Reserve. He paid particular attention to the national security aspects of sale of the rubber plants, and he concurs in the Commission's findings that the national security clause in the sales contracts give the Nation ample protection for any emergency.

Under Public Law 205, these three gentlemen could have no recent experience or connections with the rubber, chemical, or petroleum industries. They approached their assignment as competent, experienced business men. They have been at their job for 16 months. They surrounded themselves with capable experts in engineering and production. They went into every phase of the problem.

They are typical of many business executives who have come to Washington at the call of their Government. They have completed their task. Early in their assignment, they publicly stated that they would not recommend a "giveaway" program. They said they would recommend no sale rather than do that.

Their report—unanimously made—speaks for itself. At no time has the Government ever obtained anywhere near the prices for surplus plants that it has received for these rubber facilities. The Commission got $30 million more from the buyers than their original proposals offered. I call this astonishing negotiations.

Without exception, the plants went to the highest bidder.

In my opinion, the Commission met every criteria of the legislation which we passed in the 83d Congress. Full fair value, national security, establishment of a free, competitive industry, safeguards for adequate supplies of rubber for the small-business fabricator—all of these have been achieved as detailed in the Armed Services Committee report.

The Attorney General has approved the sales. His assistant, Judge Stanley Barnes, in charge of antitrust violations, has given his assurance that the least trace of monopoly practices will be a matter of immediate Government action. The Government has ample machinery to police the activities of business.

Industry alone built this country to its tremendous productive and economic power. Now we have the opportunity to turn loose competitive, creative, competent industries to the manufacture of synthetic rubber. Bear in mind, we are not talking about one industry. We are talking about three major industries as buyers of the plants—the rubber, chemical, and petroleum industries.

They are important contributors to our national wealth and welfare. They are guardians of our national defense. They have responded at every call our Government has sounded for assistance. They did, as a matter of record, develop the synthetic-rubber industry almost overnight with Government financing after Pearl Harbor.

They will continue to stand on guard, producing more and more of this vital rubber in the plants they will own and modernize. Their vast research programs foreshadow even more and better products. I say this disposal program is an evolutionary step in our economic progress in which this Congress should be proud to have played a part.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, there has been brought to my attention today a statement which has been made before the House Armed Services Committee concerning the proposed sale of synthetic rubber plants to private owners. This statement was made by Mr. George J. Burger, vice president of the National Federation of Independent Business, the largest organization of its kind in the United States. Mr. Burger is also the Washington representative of that organization of established independent business houses throughout the United States.

Mr. President, I ask unanimous consent to have Mr. Burger's statement printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

NATIONAL FEDERATION OF INDEPENDENT BUSINESS,
Washington, D. C., March 21, 1955.

Hon. HUBERT H. HUMPHREY,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I believe it would be worth your while to review the attached.

Sincerely yours,

GEORGE J. BURGER,
Vice President.

BURGER URGES CAUTION IN PLANT DISPOSAL PROGRAM—ASKS WHO WILL ASSURE ADEQUATE SUPPLIES AT FAIR PRICES TO SMALLS—NOTES DANGER OF INFLUENCE BY INTERNATIONAL RUBBER GROWERS

WASHINGTON, D. C., March 15.—Following is the text of a statement by George Burger, submitted today to Representative CARL VINSON, chairman, House Armed Services Committee, on the proposed sale of synthetic plants to private owners:

"In lieu of personal appearance before your committee now considering the disposal of Government-owned synthetic rubber plants, will you kindly read this statement into the record of the hearings, and have it made a part of the permanent record?

"We support all action to get the Government out of business in competition with private industry. However, with respect to this particular action, the Government operation has never been in competition with private industry, namely, in the overall production of synthetic rubber. The Government only moved in during the critical days of World War II, and through the action of the Government established definitely the productive satisfactory use of synthetic rubber.

"We believe in view of this that the Congress should move very cautiously from a national security standpoint before releasing these plants to private industry. We repeat, the Congress should move very cautiously.

"The writer has been an independent member of the rubber industry for close to 50 years, and is well acquainted with the actions of certain big interests in that industry to monopolize all segments of that industry. The Congress should be very careful of no "squeeze play" taking place which would bring about no real competition in the sale of synthetic versus crude rubber. If this should happen the public would be the victim of unfair practices.

"Who is going to control the distribution of synthetic rubber should the plants be sold to private industry, to see that the small factors in that industry will, at all times, get their equal share of synthetic rubber at the same price as the larger factors of the industry?

"Small business is concerned, and rightfully so, as to whether so-called cartels or international price fixing on crude rubber will be utilized by private industry if they should become owners of the Government plants. This could happen unless proper safeguards are initiated by Congressional action.

"Due to the splendid results obtained through the Government-owned and operated synthetic rubber plants, the Government should continue its control of synthetic rubber insofar as research and development is concerned, so that all factors in the industry may have advantage of any progress made in these developments. This would be a very definite protection to the Nation as a whole and to small factors in the rubber industry.

"Our first interest is national security, and secondly, for small business.

"GEORGE J. BURGER."

Mr. HUMPHREY. Mr. President, I should like to invite especial attention to 1 or 2 points which Mr. Burger raises in his comments concerning the proposed sale of these rubber plants at this particular time. He states:

We support all action to get the Government out of business in competition with private industry. However, with respect to this particular action, the Government operation has never been in competition with private industry, namely, in the overall production of synthetic rubber. The Government only moved in during the critical days of World War II, and through the action of the Government established definitely the productive satisfactory use of synthetic rubber.

We believe in view of this that the Congress should move very cautiously from a national security standpoint before releasing these plants to private industry. We repeat, that Congress should move very cautiously.

Then he goes on to say:

The writer has been an independent member of the rubber industry for close to 50 years, and is well acquainted with the actions of certain big interests in that industry to monopolize all segments of that industry. The Congress should be very careful of any "squeeze play" taking place which would bring about no real competition in the sale of synthetic versus crude rubber. If this should happen the public would be the victim of unfair practices.

Since the entire statement has been incorporated in the RECORD, Mr. President, I do not intend to read the remainder of it. I do, however, wish to make 1 or 2 points:

First, it was considered desirable and was resolved by the Congress to dispose of these plants to private industry, in full knowledge of the very efficient manner in which the plants were being operated by the Government. I feel that we have to take into consideration two important factors.

First, the national security interests of our country. I wish I could get some assurance from the executive branch of the Government that all is going well in the Far East. I wish I could get some assurance that Indochina, Malaya, and Indonesia will not fall into the hands of the Communist conspiracy. I wish I could get some assurance about anything from the executive branch of the Government with reference to our international policy, and particularly as it relates to southeast Asia. Then I think the question should be looked into, as on other occasions, as to what might happen to our country if this area of the world to which I have referred, the southeast Asian area, should fall into enemy hands.

If we now turn these rubber plants over to private industry, does the Government have any assurance that we shall not be gouged in price? I do not think so. As a matter of fact, had it not been for the Senate Subcommittee on Preparedness, headed by our able and distinguished majority leader [Mr. JOHNSON of Texas], the Government of the United States in the Korean action would have had to pay hundreds of millions of dollars more for crude rubber than it did pay. It took a committee of the Congress, Mr. President, to save the taxpayers hundreds of millions of dollars, and it also took the synthetic-rubber plants in Government operation to act as a yardstick and as a regulatory agency to see that the taxpayers of America were not literally fleeced out of hundreds of millions of dollars.

Mr. President, I only remind my colleagues that at times we become very much concerned about waste, inefficiency, corruption, and large expenditures by the Government. The money of the citizen can be taken just as easily by private industry as it can be taken by Government, unless there is fair play.

There are two ways of regulating business. One is by Government and the other is by competition. We are going to see to it that Government does not regulate, and we are not going to provide any competition——

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. Mr. President, may I have an additional 5 minutes of time?

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes additional to the Senator from Minnesota.

Mr. HUMPHREY. I thank the majority leader.

Mr. President, I am not laboring under the delusion that we are going to be able to prevail in this debate. I am not even of the mind that we are going to change any votes, but I will wager anything anyone wants to wager that in 1 or 2 years the action which we are about to take will cost the American people hundreds of millions of dollars. I predict that within a year the rubber industry will be raising prices to pay for all the plants they are now buying, and they will have the plants—lock, stock, and barrel.

Is it not interesting that under the Surplus Property Act we turned over a hangar at an airport to a city, and there is a recapture clause, providing the Government can take it back? Is it not interesting that although the Government may have built an airport during World War II, when it is disposed of under the Surplus Disposal Act the Government has a right to reclaim it and take it away from the municipality at any time it so desires?

Is it not interesting that in the particular contract now being considered, the Government has no rights whatsoever?

All we are doing is this: Having perfected, first, scientific processes for synthetic rubber production; having built plants which are operative and efficient; having proved that the plants will make money; having perfected the plant management, scientific processes, distribution, and everything else that goes with the manufacture of synthetic rubber, we now propose to turn the plants over to private industry, not competitive industry. We propose to turn them over, as the Senator from Oregon [Mr. MORSE] has documented in the RECORD, to people who have been guilty of the violation of Federal statutes.

I have heard many pious speeches made in the Senate about corruption and statements made to the effect that the Government should not be doing business with these nefarious characters. What is the difference between violating one Federal law and violating another? Apparently it is becoming commonplace to violate the Sherman Antitrust Act, apparently it is good morals to violate the Clayton Act, because the rubber companies are perpetual violators of Federal law.

How do we punish the violators? We reward them by selling them rubber plants. We reward four large companies by giving them, for all practical purposes, a full monopoly of the rubber production facilities of the United States.

I suppose it has become a principle that the way in which one is benefited by the Government is by proving that he is a Federal violator. Make no mistake about it. The record is replete with cases of violations of Federal Statutes by the companies involved.

Finally, I would say that if we want to have a competitive enterprise, we should adhere to the idea of competitive enterprise. I wholly support the resolution of the Senator from Oregon because I am of the opinion that the national security is not being properly cared for in the disposal of these plants. I am of the opinion that the price of rubber will rise drastically, and I predict that it will.

I predict also that the Government will by this action supplement and encourage monopoly. Of course, this is nothing new. There have been more mergers in the past 2 years than in the preceding 20. Monopolies continue to grow stronger and stronger, while from the White House and the Department of Justice the talk is of free enterprise. It is neither free nor enterprise; it is becoming more monopolistic by the hour.

I, for one, will not contribute to what I consider to be the growth of monopoly.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the distinguished junior Senator from New York.

Mr. LEHMAN. Mr. President, I have prepared a statement giving my views on this subject and explaining why I am unwilling to turn over to private enterprise these very valuable and important synthetic rubber resources which are now owned by the Government. I think we shall be making a very great mistake in doing so.

But I do not wish to take up the time of the Senate unnecessarily. I know that we who oppose the sale will not be able to prevail. However, I desire that my views be known, because I believe that history will record that we have made a mistake.

Therefore, I ask unanimous consent to have printed at this point in the RECORD a statement which I have prepared on the subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

What in the world situation today so encourages us that we should consider a proposal to divest the United States Government of control of strategic facilities vital to our defense—facilities so necessary to our economic well-being and to our military strength that their alienation might conceivably mean industrial and defense paralysis for our country.

Our military machine rolls on rubber. Without a supply of rubber, either natural or synthetic, our military forces would be critically handicapped.

What do we hear of the situation in the Far East, in Malaya, Indonesia, Thailand, or Indochina which encourages us to believe that our supply of natural rubber, which for the most part comes from those four countries I have named, might not be suddenly cut off? I am most hopeful that we will not become embroiled in a far eastern conflict, but if we do, the countries which provide us with natural rubber will be most likely cut off from us and we will be denied natural rubber.

The synthetic plants which are proposed to be sold would, I assume, remain in operation under private ownership, if the sale is consummated, and should produce approximately the same amount of synthetic rubber as they do today under Government ownership. But the Government would have no control over these plants. Moreover, there might well be a disruption accompanying the change in ownership. This is no time to take that risk. The Government should and must have complete control over these facilities in these crucial times.

More important, however, is the question of cost. I am willing to predict that if these plants are sold now, there will be an increase in the price of synthetic rubber, even without the pressure of a possible emergency. In the event we do have an emergency, the Government will not be able to clamp price controls on quickly enough to prevent a substantial rise in the price of synthetic rubber. We do not even have a price-control law on our statute books.

Nearly a year ago an official of the Natural Rubber Bureau in Washington, D. C., was quoted to the effect that Federal taxes and additional costs of advertising or a sales organization would result in an increase of 5 to 7 cents a pound in the price of general-purpose synthetic rubber if the plants were privately operated. Although the price of natural rubber has fluctuated widely, it has been running recently between 30 and 32 cents per pound. The price of synthetic rubber is 23 cents per pound. Over the past few years fabricators have developed means and methods of using synthetic rubber so that at the present time a large percentage of the United States demand for rubber can be met interchangeably by either synthetic or natural rubber. As a matter of fact, new rubber now being used in the United States is about half natural and half synthetic. All this, of course, indicates that there is a basic relationship between the price of natural rubber and that of the synthetic product. I am convinced that the Government's price of 23 cents a pound for synthetic has been an important factor in keeping down the price of natural rubber.

When we talk about rubber prices we refer to price per pound. But when we talk about use for stockpiling we talk about long tons, or, in some cases, thousands of long tons. Thus, if the price of synthetic rubber increases 5 cents per pound we must multiply that 5 cents by 2,240 pounds per long ton and then by the number of long tons consumed in the United States. In

1953 we consumed 1,338,000 long tons. This increase of 5 cents per pound in the price of synthetic rubber would, on the basis of the above figures, mean an added annual cost to the consumers of America of $149,856,000. We will be paying $150 million in price premium—on a price rise of 5 cents per pound—as the first cost of selling these plants to private industry. Much of that would be paid by the Government, one of the major purchasers of rubber in this country.

According to RFC reports, the Government made a handsome profit on these plants on a price of 23 cents per pound. In 1954 that profit was $42.1 million plus $29.7 million for depreciation of capital investment, or a total of $71.8 million—and 1954 was the second best year. The same figures for 1953 show a total profit of $91.3 million.

It can be shown that in the past 4 years the Government has received in profits and recovery of capital more than the proposed sale would bring. It is fair to assume that operation in the next 4 years, under Government control and at the present price, would again provide more in profits than would be realized from the sale of these facilities.

Important as is the price consideration, while important, I feel that it is a secondary consideration. The real question in my mind is one of self-protection. Why should the Federal Government sell control of a vital weapon in its arsenal at a time when everyone recognizes our need for strength?

At this moment the warships of the 7th Fleet are patrolling the Strait of Formosa. What are our chances of avoiding some kind of conflict in Southeast Asia? Who is willing to guess at Russian intentions if we become involved with Communist China? How long will it be before the Reds have digested northern Indochina and start on a second course?

Is this the time to give up Government ownership and control of our synthetic-rubber industry?

I do not know what the prospects for peace are. I certainly cannot predict the future actions of the Communists, and neither can anyone else.

Even though we have a thriving synthetic rubber industry, we still imported 596,900 tons of natural rubber in 1954. Obviously, if this supply were cut off, there would be a greatly increased demand for synthetic and an increase in price. It is true that the Federal Government could place rubber under price control even if it were in private hands, but how quickly and effectively could this be done?

Let's look at the record. Immediately prior to June 25, 1950, natural rubber was selling at about 30 cents per pound. When the Korean war began on June 25, 1950, the price of natural rubber zoomed upward. It was not until January of 1951 that the Federal Government placed price controls on rubber. By this time the price of natural rubber had risen to over 70 cents a pound.

If we would avoid a duplication of this experience at great cost to the taxpayers and consumers of America, let us keep control of these plants so vital to our national security.

The pending proposal to sell these plants is unjustified. It is unwise. Those responsible for it will have an accounting to make with the public. It fits in with the pattern of the giveaway.

The present administration has sometimes been characterized as a "business administration," and certainly we now have a more than generous recruitment of businessmen in the Federal Government. But if this proposed sale is a sample of good business judgment on the part of businessmen who are now running things for the Federal Government, I can say only that business judgment is not what it used to be when I was in business.

INSTALLATION OF MILK VENDING MACHINES IN THE SENATE OFFICE BUILDING

Mr. PURTELL. Mr. President, I yield 3 minutes to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, some 2 or 3 weeks ago I wrote a letter to the Senate Committee on Rules and Administration, urging that milk vending machines be installed in the Senate Office Building for the convenience of Senators and their staffs. I called attention to the benefits which would be derived by having milk readily available through the installation of such machines.

I called attention to the fact that, according to the press, the Arthur Murray Dancing Studio provided milk "breaks," and also that the House of Representatives now has milk conveniently available for Members of that honorable body.

I was therefore keenly disappointed to learn that my request, which had been approved by others, had been rejected this morning by the Committee on Rules and Administration.

The disappointment, however, was tempered somewhat by the fact that today the Republican Policy Committee of the Senate unanimously voted to request the Senate Committee on Rules and Administration to install milk-vending machines in the Senate Office Building and the Capitol, where milk will be readily available for persons who work or visit here.

I hope the Senate Committee on Rules and Administration will reconsider its decision not to permit milk to be sold through vending machines in the Senate Office Building and the Capitol, and I hope that the Senate as a whole will be as much concerned about milk for human beings as apparently it is about nuts for the White House squirrels.

RESOLUTION DISAPPROVING THE SALE OF RUBBER-PRODUCING FACILITIES

The Senate resumed the consideration of the resolution (S. Res. 76) disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished junior Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, the Federal Government now owns a modern, profitable synthetic rubber industry in good repair. Two years ago the Congress voted to dispose of this industry provided that certain criteria were followed in the disposal plan. The Rubber Producing Facilities Disposal Commission was established to do this job. The Commission has completed its work and has reported its recommendations to the Congress. Senate Resolution 76 requests the Senate to disapprove the sales plan; and I speak in favor of Senate Resolution 76.

I am opposed to the sale of the Government-owned rubber producing facilities under the terms and conditions recommended by the Disposal Commission. I believe that the Commission's plan is deficient in the following respects: It fails, first, to return full fair value to the Government; second, to assure small-business men a fair share of synthetic rubber at fair prices; third, to foster development of a competitive synthetic rubber industry; and fourth, to adequately protect the national security.

All these items were specific criteria in the law under which the Commission operated. While I do not question the Commission's diligence or good intentions, I am convinced that the sale of these plants to the proposed purchasers, at the proposed prices, and under existing contract provisions, is not in the public interest at the present time. I think that given a little more time, and a little more specific congressional guidance, a more acceptable sales program could be worked out. In this hope, I favor the passage of Senate Resolution 76. For passage of this resolution is the only way to gain the time necessary to negotiate sales contracts which meet the criteria of the law.

Let us look at the Commission's plan from the standpoint of the four criteria I have mentioned. The first item is "full fair value." Section 17 (5) of Public Law 205 required the Commission to obtain full fair value for the facilities to be sold. The record is fairly clear as to the meaning of this term and the Commission's report expresses this meaning quite well. Page 17 of the report states, in part:

> It was the decision of the Commission that because the disposal program made possible the purchase of a going profitable business, for negotiating purposes potential earning power should be the prime factor in the establishment of an appropriate price.

So we see that "earning power" should be the basis of "full fair value." A determination of earning power depends upon certain assumptions regarding volume of production, sales price of end products, costs of production and distribution, amortization of investment for tax purposes, amount of Federal income tax, fire and hazard insurance, and other factors. The Commission's assumptions on some of these factors are as follows: First, selling price of GR-S and butyl rubber, 23 cents per pound; second, depreciation rates, 7½ to 10 percent; third, Federal income-tax rates, 47 to 52 percent; fourth, volume of production, 67.4 to 100 percent of rated capacity—all but 1 GR-S rubber plant and both butyl rubber plants were rated at 80 percent of capacity; fifth, costs of administration, selling, research, and development, 3½ to 8 percent of sales; and, sixth, working capital, 12 to 24 percent of sales.

Most of these assumptions may be sound. It is my opinion, however, that it was most fanciful to assume that the selling price of synthetic rubber would remain at 23 cents per pound—the present price charged by the Government. Why, even during the hearings in 1953, a competent witness testified that the price would probably move immediately to around 26 cents per pound. Furthermore, we all know that the only effective ceiling on the price of synthetic rubber at present is the price and availability of natural rubber. Natural rubber is now selling at about 30 cents per pound.

I think it would have been more reasonable to assume that some of this price gap would be closed by a rise in the selling price of synthetic.

Using the commission's assumptions down the line, the purchasers can expect a profit after taxes of about $25 million per year and a capital return through depreciation of from $20 million to $26 million per year. Thus, even at a 23-cent selling price, total capital investment can be recovered in from 5 to 6 years, which is not unreasonable. I can think of no comparable industry which is selling today on our major markets on any such basis as this. I also may say that it is very likely that the price of rubber may go far higher than 5 cents a pound if the developments in southeast Asia continue to be as unsatisfactory as they have been in the last year. If we assume a price rise of 5 cents a pound for synthetic rubber, which is not unreasonable, complete recovery of investment could occur in less than 3 years of operation.

Now, if other assumptions of the commission are as unrealistic as I believe its synthetic rubber price to be, the prospect for "full fair value" becomes even more doubtful.

The Government is not selling a white elephant. We are selling a thriving, profitable industry. What risk are these purchasers assuming? The market for synthetic rubber is certain and is rising. The ability of these plants to produce at a profit has been demonstrated by the Government. The possibility that some other product will emerge to take the place of present types of synthetic rubber is very remote. The only question facing these purchasers, as far as I can tell, is "how much more profit can we make than the Government is making?" From the purchasers' standpoint, this is a very happy outlook.

I believe that this industry is worth more money, and that further negotiations could result in more reasonable selling prices.

The second criterion I mentioned is protection for small-business men. Section 17 (1) of Public Law 205 requires that the disposal program be designed best to afford small-business enterprises and users an opportunity to obtain a fair share of synthetic rubber and at fair prices. Here is how the commission proposes to satisfy this criterion.

In the first place, all synthetic rubber output will be placed in the hands of large rubber fabricators, or large retailers of rubber products, or both. Thus the small-business man must obtain his supply of synthetic rubber from producers who are also his competitors. That is not a pleasant situation for the little fellow.

Think about this for a moment. The small manufacturer of rubber goods must obtain his rubber supply from companies which compete with him in the manufacture and sale of the same products. The Disposal Commission was apparently well aware of the untenable position of the small user of synthetic rubber. But look what the Commission did to resolve this problem.

The sales contracts contain clauses which represent and warrant that percentages of output will be available to small users at going prices, or market prices, or fair prices. This is all the small-business man has—a warranty to the Government that uncertain quantities will be available at uncertain prices. How can a small-business man derive any practical benefit from such flimsy protection? Can he sue one of the producers? This is doubtful; but even if he can, which producer should he sue? How can he know which producer is not selling the required quantity to small users?

Can he persuade the Government to enforce the contracts? Perhaps; but what can the Government achieve? Probably only an injunction to restrain future actions in violation of the contracts.

It is my opinion that the small-business man will not be able to survive the economic squeeze involved in the inevitable delay which enforcement of these contracts would require. Public Law 205 certainly contemplated something better than this. I believe that with time for further negotiation, something better can be achieved.

The third criterion concerns the development of a competitive synthetic rubber industry. The Commission was charged to sell these plants in a manner which would foster competition. This is the record.

The proposed sales plan contemplates that 88 percent of the synthetic rubber capacity sold will be controlled, individually or jointly, by United States Rubber Co., Goodyear Rubber Co., Firestone Rubber Co., Goodrich Rubber Co., Shell Oil Co., Standard Oil Co. of New Jersey, Texas Oil Co., Gulf Oil Co., and Phillips Oil Co. The remaining 12 percent of synthetic rubber capacity will be sold to combinations of other relatively large rubber fabricators, users, or retailers of rubber products. The overwhelming majority of these prospective purchasers are now, or recently have been, involved in antitrust suits brought by the Government. The usual outcome of such suits, after lengthy litigation, is a finding or an admission of guilt or a plea of no contest—resulting in a relatively insignificant fine.

Can we expect purchasers with such a record to conduct the synthetic rubber industry any more competitively than they have conducted their other enterprises? I see no evidence to support such an expectation. Can we expect the antitrust laws, in their present form, to be a more effective deterrent in the future than they have in the past? I confess to some skepticism on this point.

If the sales of these plants must vest ownership in these companies, and perhaps this may be inevitable, then I believe that the disposal law, or the contracts, or both, must contain additional safeguards against the possibility of monopolistic practices in the synthetic rubber industry. These safeguards can be achieved only by disapproving the recommended sales program and by negotiating new contracts.

The fourth criterion is to my mind the most significant of all. We must not sell out the national security. This Nation has two primary sources of rubber—natural rubber from southeast Asia and these synthetic rubber plants. We have absolutely no control over the natural rubber supply. It comes from an area which was quickly lost in World War II, and which is now in danger of further aggression. This danger is much greater than it was in 1953, and we cannot overlook it in considering this sales program.

Rubber is indispensable to the national defense. In the face of this fact and of the critical situation in southeast Asia, the negotiated contracts offer this protection. The plants must be kept in condition to produce at rated capacity within 6 months after notice by the Government. If such condition is satisfied, there are no provisions for recapture by the Government, for prices the Government would pay for rubber, or any other provisions designed to protect the public interest in time of emergency. Are such contracts consistent with national security in view of present world conditions? I do not believe so.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. Mr. President, I request 4 additional minutes.

Mr. JOHNSON of Texas. I yield 4 additional minutes to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, the Senate has an obligation to the public to be very deliberate in this matter of national security. The synthetic rubber industry is a vital part of our defense. We should not permit the sale of the plants unless we are sure that the sales are consistent with national security. I am not sure; and I am convinced that more assurance should and can be achieved by further negotiation.

Let me assure my colleagues that I am not opposed to the sale of these plants under the proper terms and conditions. I think such proper terms and conditions can be worked out. Since the only way to do it is to disapprove the recommended sales program, I am in favor of disapproval. I hope that a majority of the Senate will share this view. If so, I hope we can then take the action necessary to enable the negotiation of contracts more consistent with the public interest.

Mr. President, I urge the Senate to adopt the resolution disapproving the sale of the rubber plants. I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Arkansas has yielded back the time remaining to him.

Mr. FREAR. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware.

Mr. JOHNSON of Texas. I yield the Senator from Delaware such time as he may desire.

Mr. FREAR. I thank the Senator from Texas.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. FREAR. Mr. President, I shall be brief.

The Senate Committee on Banking and Currency has studied the Commission's report, has examined the report in light of Public Law 205, and has held hearings to elicit both favorable and unfavorable reaction to the work of the Commission. After thorough consideration of the law, the report, and testimony of public and private witnesses, the committee believes that the Commission has complied substantially with Public Law 205, 83d Congress, and can see no reason to disapprove the entire recommended sales program.

The law under which the Commission worked contained four major criteria:

First. That the disposal program be designed best to afford small-business enterprises and users the opportunity to obtain a fair share of the end products of the facilities sold and at fair prices.

Second. That the sales program provide for the development of a free, competitive synthetic-rubber industry.

Third. That full fair value be obtained for the facilities sold.

Fourth. That the disposal plan be consistent with the national security.

Those criteria were observed by the Commission in recommending to the Congress the sale of 24 synthetic rubber-producing facilities.

The committee voted 10 to 5 in adversely reporting the resolution, and I sincerely hope that action will be upheld by the Senate.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 10 minutes.

Mr. DOUGLAS. Mr. President, I certainly do not favor Government ownership of rubber plants as a permanent measure. I would like to see the Government rubber plants owned instead by a series of small, medium, or moderately large businesses, so that there might be full and free competition in the rubber industry, as there should be in other industries.

Such an arrangement as that, which we designate as free enterprise would, by competition, tend to keep down the price of the synthetic rubber to the processors and to the ultimate consumers. Had we had such a system as that in the rubber industry, we would also have had more competitive bidding for the plants themselves, and the Government would leave secured better prices on the sale.

LITTLE COMPETITION IN BIDDING ON PLANTS

I think I am right in saying that every copolymer plant, which is the plant which ultimately produces GR-S synthetic rubber, but one, was bought through negotiations with one bidder. The one exception was the copolymer plant out on the Pacific coast, at Los Angeles. Each butyl rubber plant, moreover, was bought through a single bidder. In other words, there was almost no competitive bidding.

I wish to say that this was not the fault of the Commission in any respect. I think the Commission worked honestly and tried to protect the public interest, but the difficulty arose from the inherent nature of the rubber industry and the past record of the combination between the rubber companies, which I believe continues to the present. So in practice there was no competitive bidding for the rubber plants, with the exception of what was termed the "California complex" outside of Los Angeles.

BIG RUBBER AND OIL COMPANIES WILL DOMINATE RUBBER INDUSTRY

There are only four major rubber companies which dominate the industry, namely, Goodrich, Goodyear, Firestone, and the Du Pont satellite, United States Rubber, and which, with General Rubber, are in a supreme position in the rubber industry. The big four rubber companies and the big oil companies which will get most of these copolymer and butyl plants will have, as I understand it, approximately 87 percent of the productive capacity.

It may well be that the introduction of Shell into the picture will bring an added element of competition. I hope that may be so. But it is also true that the rubber companies and the oil companies are tied to each other, to a large degree, in that some of the rubber companies have agreements with the oil companies whereby the tires the rubber companies make shall be sold in the gas stations under the direction of the oil companies. So that the industry is interlocked as between rubber and oil. Certainly in the field of rubber the record of the industry is an almost continuous one of antitrust suits filed by the Department of Justice, in which violations of antitrust laws were either admitted by the rubber companies, or judgments were obtained against them. The record of antitrust proceedings against the oil companies, as submitted by Judge Barnes, of the Department of Justice, is also a long one.

So, Mr. President, what we have is not a free, competitive enterprise system for the rubber industry. The proposal before us really means the substitution, instead, of a monopolistic or quasi-monopolistic control in place of Government ownership. Even that might be waived in ordinary times. I was disposed to favor the objectives of the sales program when it was proposed 2 years ago, although I doubted the adequacy of the safeguards against monopoly.

NATURAL RUBBER SUPPLIES ENDANGERED BY WORSENED SITUATION IN SOUTHEAST ASIA

But what has happened in the last 2 years has been a deterioration in the situation in Southeast Asia, from which almost our entire supply of natural rubber is obtained. Since then the northern portion of Indochina has gone into the Communist realm. The southern portion of Indochina is also in a very ticklish position, with internal dissension. The Communist movement is spreading inside of Indonesia. Malaya may be caught between Communist Indonesia from the south, and Communist Indochina from the north.

Under those circumstances it is quite possible that we will find the supply of natural rubber either shut off or greatly curtailed in the event of an emergency, and the prospect of such a reduction in the supply of natural rubber would, of course, send up the price of rubber by a large proportion.

So what I am afraid we are likely to face is a great increase in the price of natural rubber. In that event, what will happen to the price of artificial rubber or synthetic rubber?

SYNTHETIC RUBBER PRICE RISE PROBABLE BY COLLUSIVE ACTION EVEN UNDER PRESENT CONDITIONS

At the present time the facts, as I understand them, are approximately as follows: Yesterday, the price of natural rubber in New York City was 30½ cents a pound. Although the Government has not actually operated its synthetic rubber plants, it has controlled their price policies, and has fixed the price of synthetic rubber at 23 cents a pound. That includes a management fee of approximately 1 cent a pound and a profit which the year before last was $60 million; last year, approximately $40 million; and for the current year, would be at the rate of approximately $46 million.

So, as I understand it, the profit on each pound of artificial rubber has been approximately 3 cents. With a 23-cents-a-pound selling price, from which are deducted a 1-cent-a-pound management fee and a 3-cents-a-pound profit ratio, that means that the production costs of artificial rubber under the present plan are approximately 19 cents a pound. In other words, artificial rubber can be produced at a cost of approximately 11 cents a pound less than natural rubber is now selling for in New York. Possibly that differential may actually be 12 cents a pound or something more than that.

With the past record of combination of the rubber companies and the disparity between the price of artificial rubber and the price of natural rubber, which now is 7½ cents a pound and which in the future is likely to increase rather than to diminish, what are the rubber companies likely to do? In view of their past record of combination, and, I say, collusion, I submit that in all probability they will combine, and will increase the price of artificial rubber.

If conditions do not worsen, and if the price of natural rubber remains at approximately 30½ cents a pound, I would certainly expect some increase in the price—possibly as much as 5 cents a pound. If the increase were only 5 cents a pound, that would mean an added profit of close to $75 million a year, which added to the present profit of $45 million a year, would make a profit of approximately $120 million a year, on a purchase price of between, on one basis, $260 million and, on another basis, approximately $300 million. That would be a tremendous rate of return. Although one cannot prophesy the future precisely, I would expect that something like that would happen if we approve the proposed sale.

TREMENDOUS PROFITS WILL BE MADE AT EXPENSE OF AMERICAN PEOPLE IF SOUTHEAST ASIA SITUATION DETERIORATES FURTHER

But if the military situation in southeast Asia were to deteriorate further, and if the price of natural rubber were to rise to 35, 40, 45, or 50 cents a pound—and, as everyone knows, the price of rubber is a very volatile affair, with tremendous fluctuations—if we were as I say to have such a rise in the price of natural rubber, just think of the tremendous profits which could be made by raising the price of artificial rubber.

I know it may be asked, "Why would it be any worse if these companies controlled the output and price of the synthetic rubber? Cannot they fix the price of the finished product, anyway? Therefore, what incentive will there be for them to raise the price of the raw material."

The answer is that they sell approximately one-third to one-fourth—I am dealing only in round numbers—of their output to the small processors, who are scattered all over the country; I refer to those who make rubber heels, rubber boots, rubber coats, rubber gloves, rubber mats, industrial belting and hundreds of such products. By raising the price of artificial rubber to the small processors, the manufacturers of artificial rubber, namely the Big Four and the big oil companies, would make enormous sums of money. Therefore, Mr. President, the transaction will not be merely a bookkeeping one. It will raise the costs of the small processors. The public will ultimately pay.

I have hesitated a long time in deciding how I should vote on this matter. But Mr. President, I cannot bring myself to vote for the transfer of these properties, under these conditions, and with the possibility and, indeed, the probability that the American people will "pay through the nose," thus making it possible for enormous profits to be made by the Big Four and by the big oil companies as a result of the transfer of these assets.

Furthermore, if the price of natural rubber skyrockets—as will most certainly happen if conditions in southeast Asia worsen to such an extent that the supply from that area is reduced or shut off—the Members of Congress who vote for these transfers will have a heavy burden upon their consciences.

I do not wish to have that load upon my conscience. I do not want to see the American people and the United States Government forced to pay enormous prices for a material which will be vitally needed in time of war, when survival itself may be at stake.

RECAPTURE OF PLANTS IN EMERGENCY MAY COST FAR IN EXCESS OF PRESENT SALE PRICE

I know it may be said that if war were to break out, we could recapture these plants. I suppose it is possible that we could commandeer them. However, the question is, At what price would that be? We have embodied—properly—in our Constitution the provision that property shall not be taken without due process of law; and therefore a fair price must be paid. If we turn over these plants to these companies now, and if the companies make very large profits, they will be entitled—and justly so, under the law, I believe—to exact a very high price for the properties. As a result, we may find that we are selling properties at this time for $260 million, which in the course of a few years we shall be compelled to buy back for $500 million or $750 million or $1 billion.

The PRESIDING OFFICER. The time allotted the Senator from Illinois has expired.

Mr. DOUGLAS. Mr. President, I should like to have an additional minute, if that will be satisfactory.

Mr. JOHNSON of Texas. Mr. President, I yield 1 more minute to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for an additional minute.

Mr. DOUGLAS. I thank the Senator from Texas.

So, Mr. President, I conclude by saying that I believe that these considerations should make us pause; and I believe that when we closely examine them they should make us decide to vote against turning over these plants, at this time and on the proposed terms, and to vote in favor of agreeing to the resolution submitted by the Senator from Oregon [Mr. MORSE].

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I desire to make a brief announcement; and for that purpose I yield to myself whatever time I may consume.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. JOHNSON of Texas. Mr. President, on next Monday, it is planned to have a call of the calendar. I have already made an announcement to that effect, and I make it again, and call it to the attention of both the majority and the minority calendar committees.

We also plan to consider at the earliest possible date on which we can sandwich them in the following measures: Calendar No. 107, Senate bill 1325, to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; Calendar No. 108, Senate bill 1326, a similar bill; Calendar No. 109, Senate bill 1327, a similar bill; Calendar No. 110, Senate bill 1436, to preserve the tobacco acreage history of farms which voluntarily withdraw from the production of tobacco, and for other purposes; and Calendar No. 111, Senate bill 1457, to redetermine the national marketing quotas for burley tobacco for the 1955–56 marketing year, and for other purposes.

I understand that there is little, if any, opposition to four of those bills. As I have indicated, they propose amendments to the Tobacco Marketing Act. I understand there will be opposition to perhaps one of those bills.

We hope that if we can obtain a vote on the resolution now before the Senate we shall be able to take up tonight Calendar No. 116, Senate bill 691, to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex. That is the bill introduced by the Senator from Texas [Mr. DANIEL] and myself, providing for the sale of a plant at Baytown, Tex. So far as I know, there is no opposition to that bill.

Next, it is our present plan to return to the consideration of the cotton acreage allotment bill tomorrow, and, if we can dispose of it, to take up the postal pay bill.

RESOLUTION DISAPPROVING SALE OF RUBBER-PRODUCING FACILITIES

The Senate resumed the consideration of the resolution (S. Res. 76) disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I have no further request for time on this side.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Oregon.

Mr. MORSE. Since I spoke this afternoon about the great danger of vertical integration and the monopolistic danger to be created by the proposed sale, my attention has been called to a direct example of what I spoke about, involving the United States Rubber Co. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an explanation, as further proof of my claim that we must be on guard against the monopolistic dangers of this particular report of the Rubber Plants Disposal Commission.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I should like to discuss what this sale of our rubber plants to the rubber and oil monopoly in this country is likely to have in the way of effects upon United States Government purchases of rubber items. As we all know, the United States Government is the largest single purchaser of many items sold and consumed. Particularly is that true with respect to items that are usable in defense and in preparation for the defense of our country. Well do we remember how in the early days of World War II the requirements of our Armed Forces for items made of rubber exceeded the supply.

In my opinion, it is a sad mistake to place any such supply in the hands of a few big rubber companies and a few big oil companies. We spend millions of dollars each year opposing monopoly and the tendencies toward monopoly. To dispose of the synthetic-rubber plants in the manner in which the present administration proposes will enhance the degree of monopoly that presently exists in the rubber industry and, in my opinion, will result in higher prices that will be paid by the taxpayers for rubber items purchased by the United States Government. That is the result that history teaches us inevitably is reaped when we have monopoly control. When we have a monopoly situation, we cannot expect anything except trade restraints.

Heretofore the taxpayers have suffered from the trade restraining activities of the big rubber companies. In that connection, I cite you to the case of *United States* v. *the Cooper Corporation* (Civ. 2–396 S. D. N. Y. 442). (See also CONGRESSIONAL RECORD of Mar. 21, 1955, p. 3296.) Now, that case involved a proceeding by the United States Government against the Cooper Corp. and a number of the large rubber companies to secure for the taxpayers of the United States penalties as damages for the injuries which had been suffered as a result of the agreements which had been entered into by these large rubber companies in fixing the prices at which the United States Government made purchases from them. While the Government proved its case in that instance, it lost the decision on a technicality. The Supreme Court held that under the existing antitrust laws the Government is not a person within the meaning of the antitrust laws and, therefore, cannot sue for the damages it suffers as a result of violations of the antitrust laws. We hope that in the future Congress will amend the laws in that respect. However, the point that I am making now is simply this: We should not approve the disposal of our rubber plants to a known monopoly and thereby probably increase the cost to our taxpayers for all of the rubber items purchased by the Government.

Now, another instance has just been called to my attention involving what appears to be a trade-restraining practice on the part of the United States Rubber Co. respecting the sale of rubber cushions to be used as carpet underlay. I was amazed when I learned of this situation. I know it will surprise the other Members to learn today that one of the big rubber companies to whom the present administration proposes to hand over our synthetic-rubber plants has treated the taxpayers in the manner it did a few days ago. The facts regarding the rubber cushion carpet underlay to which I refer were as follows:

In November of 1954 the General Services Administration issued invitations for bids on what was known as item 27C-3867-30, class 27, part I, floor coverings, in seeking supplies of rubber cushion carpet underlay, as will be required by the Federal Government for the period from March 15, 1955, through March 14, 1956. Only a few bids were submitted in response to that invitation. The bids were opened about 3 weeks ago. The bidders included dealers who distribute the products of these major rubber manufacturing companies. Two of the bidders were dealers distributing products of the United States Rubber Co. One of those bid $1.69 per square yard. The other bid $1.55 per square yard. The latter was the low bidder. Both of those bidders had bid upon a United States Rubber Co. product. However, the award was not made to the low bidder in that instance. The award was made to the high bidder. It was made to the high bidder because the United States Rubber Co. has a practice whereby it has not sold this product to or through any distributor for resale to the United States Government, but has sold it only to a single distributor located in New York City which submitted the high bid in that instance. Now, a little investigation has disclosed that the high bidder in that instance is not one of our best citizens, but he is good enough for United States Rubber to use as a factor in this arrangement. According to a report prepared by Dun & Bradstreet, Inc., dated March 14, 1955, this successful bidder is Carpet Distributors Corp., room 801, 247 Park Avenue, New York, N. Y. Now, the name Carpet Distributors Corp. is the corporate veil under which a man by the name of Leonard Rosenblatt does business. He organized that corporation in May of 1953 immediately after he had paid a fine on April 2, 1953, because he had been convicted for having used a previous corporation, namely Contract Carpet Corp., as a device for making false and fraudulent statements on invoices he submitted to various Government departments. There were 17 counts in the indictment in that case. On March 24, 1953, Rosenblatt entered a plea of guilty to that indictment before Judge Noonan, according to the records of the United States District Court for the Southern District of New York.

In closing, I would like to refer to another aspect of this synthetic rubber plant proposal. As you know, for the last several years our Government has operated these synthetic rubber plants in partnership with members of private industry. Private industry not only appeared willing but anxious to engage in that partnership. Please do not misunderstand me—I am not complaining that they failed to handle their end of that bargain in an efficient manner. What I desire to do at this time is to call your attention to how this partnership is being closed out. It is being liquidated by the private industry members of the partnership taking over all of the public's assets. No longer will the Government be in partnership with private industry.

Mr. JOHNSON of Texas. Mr. President, I have no further requests for time, and I am informed that the minority leader has no further requests for time. If it is agreeable to him, we will both yield back our remaining time, and proceed to a quorum call and then a vote.

Mr. KNOWLAND. Mr. President, I am prepared to yield back my remaining time under those conditions.

The PRESIDING OFFICER. All remaining time is yielded back.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to Senate Resolution 76, disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays.

Mr. KNOWLAND. Mr. President, I join in that request.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Will the Chair state the pending question?

The PRESIDING OFFICER. The question is on agreeing to Senate Resolution 76, disapproving the sale of the rubber-producing facilities. A vote of "yea" is a vote in opposition to the sale, and a vote of "nay" is a vote in favor of the sale.

Mr. JOHNSON of Texas. If a Senator is opposed to the sale he will vote "yea," and if he favors the sale he will vote "nay."

The PRESIDING OFFICER. The Senator is correct.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. Gore], the Senator from Arizona [Mr. Hayden], the Senator from Montana [Mr. Murray], and the Senator from Georgia [Mr. Russell] are absent on official business.

The Senator from New Mexico [Mr. Chavez] is absent because of illness.

The Senator from Massachusetts [Mr. Kennedy] is absent by leave of the Senate because of illness.

I further announce that on this vote the Senator from Tennessee [Mr. Gore], the Senator from Arizona [Mr. Hayden], the Senator from Massachusetts [Mr. Kennedy], and the Senator from Montana [Mr. Murray], if present and voting, would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. Butler] and the Senator from Pennsylvania [Mr. Duff] are absent on official business.

The Senator from Delaware [Mr. Williams] is necessarily absent.

If present and voting, the Senator from Maryland [Mr. Butler] and the Senator from Delaware [Mr. Williams] would each vote "nay."

The result was announced—yeas 31, nays 56, as follows:

YEAS—31

Anderson	Jackson	Morse
Barkley	Johnson, Tex.	Neely
Clements	Johnston, S. C.	Neuberger
Douglas	Kefauver	O'Mahoney
Ervin	Kilgore	Pastore
Fulbright	Langer	Scott
George	Lehman	Smathers
Green	Magnuson	Sparkman
Hennings	Mansfield	Symington
Hill	McClellan	
Humphrey	McNamara	

NAYS—56

Aiken	Dworshak	Millikin
Allott	Eastland	Monroney
Barrett	Ellender	Mundt
Beall	Flanders	Payne
Bender	Frear	Potter
Bennett	Goldwater	Purtell
Bible	Hickenlooper	Robertson
Bricker	Holland	Saltonstall
Bridges	Hruska	Schoeppel
Bush	Ives	Smith, Maine
Byrd	Jenner	Smith, N. J.
Capehart	Kerr	Stennis
Carlson	Knowland	Thurmond
Case, N. J.	Kuchel	Thye
Case, S. Dak.	Long	Watkins
Cotton	Malone	Welker
Curtis	Martin, Iowa	Wiley
Daniel	Martin, Pa.	Young
Dirksen	McCarthy	

NOT VOTING—9

Butler	Gore	Murray
Chavez	Hayden	Russell
Duff	Kennedy	Williams

So the resolution (S. Res. 76) was not agreed to.

DISPOSAL OF BAYTOWN, TEX., COPOLYMER PLANT

Mr. JOHNSON of Texas. Mr. President, I now call up Senate bill 691.

The PRESIDING OFFICER. The clerk will state the bill by title for the information of the Senate.

The Legislative Clerk. A bill (S. 691) to amend the Rubber-Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex.

The Senate therefore proceeded to consider the bill (S. 691) to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex. which had been reported from the Committee on Banking and Currency with amendments on page 2, line 8, after the word "exceed", to strike out "30" and insert "60"; in line 10, after the word "the", to strike out "expiration", and insert "termination"; in line 11, after the word "the", to strike out "30 day" and insert "actual negotiation"; in line 12, after the word "to", to insert "the"; in line 15, after the numeral "(1)", to strike out the comma and "(2), and (3)", and insert "to (5), inclusive, and paragraph (8)"; in line 17, after the word "of", to insert "the"; and in line 25, after the word "period", to insert "The failure to complete transfer of possession within 30 days after the expiration of the period for congressional review shall not give rise to or be the basis of rescission of the contract of sale."

On page 3, after line 3, to strike out:

(d) Section 23 shall apply to resolutions disapproving a sale recommended in the report submitted under this section.

(e) Section 24 shall not apply in the event of the disapproval by either House of Congress of a sale recommended in a report submitted under this section.

After line 9, to insert:

(d) If, upon termination of the transfer period provided for in subsection (c), no contract for the sale of Plancor No. 877 has become effective, the operating agency last designated by the President shall, as promptly as possible consistent with sound operating procedures, take said Plancor out of production and place it in adequate standby condition under the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953: *Provided,* That the provisions in said section relating to the time for placing facilities in standby condition shall not apply to Plancor No. 877.

After line 20, to insert:

SEC. 2. Notwithstanding the provisions of section 3 (d) of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Producing Facilities Disposal Commission (hereinafter referred to as the "Commission"), before submission to the Congress of its report relative to Plancor No. 877, shall submit it to the Attorney General, who shall, within 7 days after receiving the report, advise the Commission whether, in his opinion, the proposed disposition, if carried out, will violate the antitrust laws.

On page 4, after line 4, to insert:

SEC. 3. Notwithstanding the provisions of sections 14 and 22 of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Act of 1948, as amended, is hereby extended with respect to the rubber-producing facilities covered by this act to the close of the day of transfer of possession of Plancor No. 877 to a purchaser in accordance with the provisions of section 25 of the Rubber Producing Facilities Disposal Act: *Provided,* That if no such transfer is made, the Rubber Act of 1948, as amended, is hereby extended to the close of the day upon which Plancor No. 877 is placed in standby condition pursuant to the provisions of this act.

After line 16, to insert:

SEC. 4. Notwithstanding the provisions of section 20 of the Rubber Producing Facilities Disposal Act of 1953, the Commission established by that act shall cease to exist at the close of the 30th day following the termination of the transfer period provided for in section 25 (c) of that act, unless no sale of Plancor No. 877 is recommended by the Commission pursuant to section 25 (c) of that act, in which event the Commission shall cease to exist at the close of the 130th day following the date of enactment of this act.

On page 5, after line 2, to insert:

SEC. 5. Except as otherwise provided in this act, disposal of Plancor No. 877 shall be fully subject to all the provisions of the Rubber Producing Facilities Disposal Act of 1953 and such criteria as have been established by the Commission in handling disposal of other Government-owned rubber producing facilities under that act: *Provided,* That the provisions of sections 7 (j), 7 (k), 9 (d), 9 (f), 10, 11, 15, and 24 of that act shall not apply to the disposal of Plancor No. 877. As promptly as practicable following the date of transfer of possession of Plancor No. 877 to a purchaser under this act, the operating agency last designated by the President shall offer for sale to such purchaser the end products produced at such plant and held in inventory for Government account on the day of such transfer of possession, together with the feedstocks then located at such plant or purchased by the operating agency for use at such plant. Sale of such end products shall be made at the Government sales price prevailing on the business day next preceding the date of transfer of possession of such plant. Sale of such feedstocks shall be made at not less than their cost to the Government. In the event the purchaser declines to purchase such end products or feedstocks when first offered to it by the operating agency, they may be thereafter disposed of in such manner as the operating agency deems advisable. In the event Plancor No. 877 is not sold under the provisions of this act, any end products produced at such plant and held in inventory for Government account on the day such plant is placed in standby condition pursuant to section 25 (d) of the Rubber Producing Facilities Disposal Act of 1953, as added by this act, and any feedstocks then located at such plant or purchased by the operating agency for use at such plant shall be disposed of in such manner as the operating agency deems advisable, at the prevailing market price for such end products and feedstocks.

On page 6, after line 13, to insert:

SEC. 6. Notwithstanding any provision of the Rubber Producing Facilities Disposal Act of 1953 and notwithstanding any other provision of this act, the Commission or, after it ceases to exist, such agency of the Government as the President may designate, may, after securing the advice of the Attorney General as to whether the proposed lease or sale would tend to create or maintain a situation inconsistent with the antitrust laws, enter into leases or contracts of sale for all or any number of 448 pressure tank cars (ICC classification ICC-104AW) for which the Commission invited proposals to purchase pursuant to that act. Each such lease may be for such duration and each such lease or contract of sale may be made on such terms (including type of use) as the Commission or such other agency deems advisable in the public interest: *Provided,* That each such lease or contract of sale shall contain, among other provisions, a national security clause, and each such lease shall contain provisions for the recapture of the tank cars leased by the Government and the termination of the lease, if the President determines that the national interest so requires. The rental or price for any such tank car or cars shall be an amount which the Commission or such agency determines to be the maximum amount obtainable in the public interest, but not less than fair value as determined by the Commission. Any of such tank cars not under lease or contract of sale to non-Federal lessees or purchasers may be transferred without charge by the Commission or such agency to any Government department or agency upon request for such use as the Commission or such agency deems advisable and subject to national security and recapture provisions of the type hereinabove provided for in this section running in favor of the Commission or other agency transferring the tank car or cars. Any of such tank cars not sold or under lease or transferred as hereinabove provided shall be placed and maintained in adequate standby condition pursuant to the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953.

And at the top of page 8, to insert:

SEC. 7. The provisions of this act shall not be applicable to the disposal of any Government-owned rubber-producing facilities other than Plancor No. 877 and 488 pressure tank cars (ICC Classification-ICC 104AW); and all action taken pursuant to the provisions of the Rubber Producing Facilities Disposal Act of 1953 prior to the enactment of this act shall be governed by the provisions of that act as it existed prior to the enactment of this act and shall have the same force and effect as if this act had not been enacted.

So as to make the bill read:

Be it enacted, etc., That the Rubber Producing Facilities Disposal Act of 1953 is amended by adding at the end thereof the following new section:

"SEC. 25. (a) Notwithstanding the second sentence of section 7 (a), the period for receipt of proposals for the purchase of the Government-owned rubber-producing facility at Baytown, Tex., known as Plancor No. 877, shall not expire until the end of the 30-day period which begins on the date of the enactment of this section.

"(b) If one or more proposals are received for the purchase of Plancor No. 877 within the time period specified in subsection (a), the Commission, notwithstanding the expiration of the period for negotiation specified in section 7 (f), shall negotiate with those submitting the proposals for a period of not to exceed 60 days for the purpose of entering into a definitive contract of sale.

"(c) Within 10 days after the termination of the actual negotiation period referred to in subsection (b), the Commission shall prepare and submit to the Congress a report containing, with respect to the disposal under this section of Plancor No. 877, the information described in paragraphs (1) to (5), inclusive, and paragraph (8) of section 9 (a). Unless the contract is disapproved by either House of the Congress by a resolution prior to the expiration of 30 days of continuous session (as defined in section 9 (c)) of the Congress following the date upon which the report is submitted to it, upon the expiration of such 30-day period the contract shall become fully effective and the Commission shall proceed to carry it out, and transfer of possession of the facility sold shall be made as soon as practicable but in any event within 30 days after the expiration of such 30-day period. The failure to complete transfer of possession within 30 days after the expiration of the period for congressional review shall not give rise to or be the basis of rescission of the contract of sale.

"(d) If, upon termination of the transfer period provided for in subsection (c), no contract for the sale of Plancor No. 877 has become effective, the operating agency last designated by the President shall, as promptly as possible consistent with sound operating procedures, take said Plancor out of production and place it in adequate standby condition under the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953: *Provided,* That the provisions in said section relating to the time for placing facilities in standby condition shall not apply to Plancor No. 877."

SEC. 2. Notwithstanding the provisions of section 3 (d) of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Producing Facilities Disposal Commission (hereinafter referred to as the "Commission") before submission to the Congress of its report relative to Plancor No. 877, shall submit it to the Attorney General, who shall, within 7 days after receiving the report, advise the Commission whether, in his opinion, the proposed disposition, if carried out, will violate the antitrust laws.

SEC. 3. Notwithstanding the provisions of sections 14 and 22 of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Act of 1948, as amended, is hereby extended with respect to the rubber-producing facilities covered by this act, to the close of the day of transfer of possession of Plancor No. 877 to a purchaser in accordance with the provisions of section 25 of the Rubber Producing Facilities Disposal Act: *Provided,* That if no such transfer is made, the Rubber Act of 1948, as amended, is hereby extended to the close of the day upon which Plancor No. 877

is placed in standby condition pursuant to the provisions of this act.

SEC. 4. Notwithstanding the provisions of section 20 of the Rubber Producing Facilities Disposal Act of 1953, the Commission established by that act shall cease to exist at the close of the 30th day following the termination of the transfer period provided for in section 25 (c) of that act, unless no sale of Plancor No. 877 is recommended by the Commission pursuant to section 25 (c) of that act, in which event the Commission shall cease to exist at the close of the 130th day following the date of enactment of this act.

SEC. 5. Except as otherwise provided in this act, disposal of Plancor No. 877 shall be fully subject to all the provisions of the Rubber Producing Facilities Disposal Act of 1953 and such criteria as have been established by the Commission in handling disposal of other Government-owned rubber producing facilities under that act: *Provided*, That the provisions of sections 7 (j), 7 (k), 9 (d), 9 (f), 10, 11, 15, and 24 of that act shall not apply to the disposal of Plancor No. 877. As promptly as practicable following the date of transfer of possession of Plancor No. 877 to a purchaser under this act, the operating agency last designated by the President shall offer for sale to such purchaser the end products produced at such plant and held in inventory for Government account on the day of such transfer of possession, together with the feedstocks then located at such plant or purchased by the operating agency for use at such plant. Sale of such end products shall be made at the Government sales price prevailing on the business day next preceding the date of transfer of possession of such plant. Sale of such feedstocks shall be made at not less than their cost to the Government. In the event the purchaser declines to purchase such end products or feedstocks when first offered to it by the operating agency, they may be thereafter disposed of in such manner as the operating agency deems advisable. In the event Plancor No. 877 is not sold under the provisions of this act, any end products produced at such plant and held in inventory for Government account on the day such plant is placed in standby condition pursuant to section 25 (d) of the Rubber Producing Facilities Disposal Act of 1953, as added by this act, and any feedstocks then located at such plant or purchased by the operating agency for use at such plant shall be disposed of in such manner as the operating agency deems advisable, at the prevailing market price for such end products and feedstocks.

SEC. 6. Notwithstanding any provision of the Rubber Producing Facilities Disposal Act of 1953 and notwithstanding any other provision of this act, the Commission or, after it ceases to exist, such agency of the Government as the President may designate, may, after securing the advice of the Attorney General as to whether the proposed lease or sale would tend to create or maintain a situation inconsistent with the antitrust laws, enter into leases or contracts of sale for all or any number of 448 pressure tank cars (ICC Classification ICC-104AW) for which the Commission invited proposals to purchase pursuant to that act. Each such lease may be for such duration and each such lease or contract of sale may be made on such terms (including type of use) as the Commission or such other agency deems advisable in the public interest: *Provided*, That each such lease or contract of sale shall contain, among other provisions, a national security clause, and each such lease shall contain provisions for the recapture of the tank cars leased by the Government and the termination of the lease, if the President determines that the national interest so requires. The rental or price for any such tank car or cars shall be an amount which the Commission or such agency determines to be the maximum amount obtainable in the public interest, but not less than fair value as determined by the Commission. Any of such tank cars not under lease or contract of sale to non-Federal lessees or purchasers may be transferred without charge by the Commission or such agency to any Government department or agency upon request, for such use as the Commission or such agency deems advisable and subject to national security and recapture provisions of the type hereinabove provided for in this section running in favor of the Commission or other agency transferring the tank car or cars. Any of such tank cars not sold or under lease or transferred as hereinabove provided shall be placed and maintained in adequate standby condition pursuant to the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953.

SEC. 7. The provisions of this act shall not be applicable to the disposal of any Government-owned rubber-producing facilities other than Plancor No. 877 and 448 pressure tank cars (ICC Classification-ICC 104AW); and all action taken pursuant to the provisions of the Rubber Producing Facilities Disposal Act of 1953 prior to the enactment of this act shall be governed by the provisions of that act as it existed prior to the enactment of this act and shall have the same force and effect as if this act had not been enacted.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the Committee on Banking and Currency.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CASE of South Dakota. Mr. President, I should like to have a statement from the author of the bill or from a member of the committee as to why we are considering this proposed legislation, in view of the fact that there was general legislation. Why was this plant not included in the general legislation which previously came up for consideration?

Mr. FREAR. Mr. President, the report of the Commission was that in the case of this particular copolymer plant at Baytown, Tex., it did not think the bid was sufficiently high to be accepted.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, the Commission refused to sell the plant at the amount offered, and this proposed legislation would give the Commission the right to make another effort within 30 days' time under exactly the same terms and conditions as provided for in the original act. The bill was unanimously approved by the committee.

Mr. CASE of South Dakota. Will it permit the sale of the plant without competitive bid?

Mr. CAPEHART. No.

Mr. CASE of South Dakota. When the plant was offered for sale previously, was there more than one bid?

Mr. CAPEHART. There was not.

Mr. JOHNSON of Texas. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. JOHNSON of Texas. The bid was too low and it was rejected. This bill gives authority to the Commission to renegotiate and to sell this plant if it can secure a bid which the Commission believe is sufficient.

Mr. CASE of South Dakota. If the Commission can secure a proper bid. Does the bill require that more than one bid shall be received?

Mr. JOHNSON of Texas. I do not think so.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. CAPEHART. All we are doing is extending the time for 30 days under exactly the same conditions, the same disposal law procedures, and the same regulations as were provided for in the original act.

Mr. CASE of South Dakota. I may have been misled, but I was somewhat mystified by noting the vote on the adoption of the resolution previously considered. As I understand, that resolution would have prevented the sale of the plants. The vote of some of the Members in favor of the resolution misled me.

Mr. FREAR. Mr. President, I may say to the Senator from South Dakota that the vote on the previous resolution did not include this plant.

Mr. CASE of South Dakota. If it was good business to vote for the previous resolution and to kill all authority to dispose of any plants, why should it be good legislation to pass this bill?

Mr. FREAR. I think the previous vote is an indication that we should permit the 25th plant to be sold.

Mr. CASE of South Dakota. If we make 24 mistakes, we may as well make 25?

Mr. FREAR. I do not agree with that.

Mr. CAPEHART. Mr. President, a few moments ago I referred to 30 days. I meant, not to exceed 60 days for negotiation. Under the original act this plant, not having been sold, would go into standby status for 3 years. It is the desire of the committee that the Commission be given an opportunity to dispose of this plant, and it is given not to exceed 60 days of negotiation within which to do so, under generally the same terms and conditions as those provided for by the original Disposal Act.

Mr. CASE of South Dakota. If the Commission receives some bids for this plant and recommends sale, will its approval be required, or will there be opportunity for disapproval by the Congress?

Mr. CAPEHART. It will come back to the Congress for consideration.

Mr. CASE of South Dakota. Mr. President, I thank the Senator from Indiana, and I have no further questions.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex., and certain tank cars."

AMENDMENT OF COTTON MARKETING QUOTA PROVISIONS

The Senate resumed the consideration of the bill (H. R. 3952) to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

Mr. JOHNSON of Texas. Mr. President, since we are back to the consideration of the cotton bill, I should like to announce to the Senate that we do not expect to have a vote on the bill this evening. I wish to give all Senators an opportunity to make any statements or any insertions in the RECORD they may desire to make before I suggest a recess. We will resume consideration of the bill tomorrow as soon as the morning hour is concluded.

Mr. ANDERSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ANDERSON. What is the question which is actually before the Senate at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. STENNIS] for himself and other Senators to the amendment reported by the committee.

Mr. ANDERSON. May I inquire whether the yeas and nays have been ordered on the question?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. ANDERSON. The yeas and nays having been ordered, will it be possible to vacate the order except by unanimous consent?

The PRESIDING OFFICER. It would require unanimous consent to rescind the order for the yeas and nays.

Mr. ANDERSON. I wonder if I may have the assurance of the majority leader that no such request will be acted upon without a quorum call?

Mr. JOHNSON of Texas. If any Senator makes such a request the majority leader will see to it, if he is present, that there will be a quorum call; and if he is called out of the Chamber, he will ask whoever occupies his seat to suggest the absence of a quorum.

I am very anxious to have the yeas and nays on this particular amendment. I am glad to hear the distinguished Senator from New Mexico join in the request. We have had at least one conversion overnight. Perhaps if we can have more tomorrow, the cotton bill can be disposed of.

Mr. ANDERSON. Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the allotted acreage for 1955; a table showing the number of acres which would be allotted under the action taken by the Committee on Agriculture and Forestry this afternoon; and a table showing the effect of the amendment offered by the distinguished junior Senator from Mississippi [Mr. STENNIS].

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

1955 State acreage allotments

State	1955 State allotment	Acreage required to increase each farm allotment to smaller of 4 acres or 75 percent of highest acreage planted in 1952, 1953, or 1954 plus extra for Nevada and Illinois	Stennis amendment (1½ percent of 1955 allotment)
	(1)	(2)	(3)
Alabama	1,101,804	20,724.7	16,527
Arizona	333,933	134.5	5,009
Arkansas	1,529,704	3,309.7	22,946
California	778,686	0	11,680
Florida	36,283	5,064.6	544
Georgia	950,818	17,799.0	14,262
Illinois	3,056	444.0	--------
Kansas	35	2.2	--------
Kentucky	8,374	298.1	126
Louisiana	648,442	8,860.7	9,727
Mississippi	1,750,852	28,132.9	26,263
Missouri	399,627	1,062.0	5,994
Nevada	2,324	1,176.0	--------
New Mexico	182,194	158.7	2,733
North Carolina	515,714	38,580.2	7,736
Oklahoma	872,532	1,807.5	13,198
South Carolina	773,945	12,641.3	11,609
Tennessee	593,868	14,274.7	8,898
Texas	7,612,779	11,061.5	114,192
Virginia	18,238	4,071.5	273
United States	18,113,208	169,679.3	271,612

Mr. HENNINGS. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD a statement which I have prepared relative to the committee amendment to the cotton acreage bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HENNINGS

I am opposed to the committee amendment on cotton acreage and I would like to make clear the reasons for my opposition.

I have studied the Senate report very carefully. I have also studied the House-passed bill and report. There is no question in my mind that the amendment of the Senate committee, which is in the nature of a substitute, would penalize the cotton producers in Missouri and would do so in order to provide a premium to cotton producers in some of the other States which have made no effort to take care of their small cotton farmers out of their reserve acreage.

In Missouri the State allotment has been used to bring most of our small cotton farmers up to the 5-acre minimum, or to the maximum amount they had ever planted, and the remainder has been divided on a percentage basis. Some other States made no provision for bringing small farmers up to the minimum and divided their allotment on a percentage basis. Now, Missouri farmers are being asked, under the amendment of the Senate committee, to sacrifice a part of any additional allotments in order to provide for the small cotton producers in other States who have previously been ignored. I think we should do everything possible to alleviate the hardship of the small producers by increasing their acreage, but not by this means, and I think the bill approved by the House provides a far more equitable way of doing it.

Moreover, the House bill retains the policy of the 5-acre farm, whereas the amendment of the Senate committee would permit a reduction to 4 acres, which, I am advised, is too small for efficient and economical operation.

Under the proposal of the committee, my State of Missouri would lose almost 9,000 acres, as compared with other States that would stand to gain substantial acreage at our expense. I believe this is an injustice to the cotton producers of my State.

APPOINTMENT OF HAROLD STASSEN AS SPECIAL ASSISTANT FOR DISARMAMENT POLICY

Mr. SYMINGTON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial entitled "Secretary for Peace," published in the St. Louis Post-Dispatch of March 20, 1955.

The editorial relates to the appointment of former Governor Stassen to his new position and also to the economic disarmament plan, as provided for in Senate Resolution 71, which has been referred to the Committee on Foreign Relations.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis Post-Dispatch of March 20, 1955]

SECRETARY FOR PEACE

The deep public yearning for some escape from the blind alley of the atomic arms race received recognition when President Eisenhower appointed Harold Stassen a special assistant for disarmament policy.

Mr. Stassen evidently will be free to make his new job pretty much what he wants it to be. We trust he makes it a big one—that he becomes, in effect, the first "secretary for peace." As an American delegate to the San Francisco conference which wrote the United Nations Charter 10 years ago, he should be well qualified.

One of the first things on Mr. Stassen's desk probably will be Senator SYMINGTON's resolution on economic disarmament, which has now attracted more than half the Members of the Senate to its list of sponsors. It urges limitations on the proportion of each nation's key resources devoted to military purposes.

In setting such ceilings, allowance would be made for the special economic needs of each nation. Not all nations, that is, would be held to the same percentage of military potential. One main problem, of course, would be to reach agreement on the proper percentages. Another would be to agree on a system of foolproof inspection, which Senator SYMINGTON rightly considers essential.

At bottom the proposal is not so much a disarmament plan as it is one of several methods for checking up to insure compliance with a plan. As Senator SYMINGTON has told the Senate, "economic disarmament" should be regarded as an integral part of broader arrangements for balanced, enforceable reduction of all arms, atomic and conventional alike.

To us the significance of the Symington resolution is that it expresses a belief on the part of its many sponsors that disarmament is, despite much talk to the contrary, technically and practically feasible.

Because hydrogen bombs might be hidden from inspection, it is sometimes said, any disarmament agreement would be basically unenforceable and hence would involve a foolhardy risk. But Senator SYMINGTON and his more than 50 cosponsors evidently do not agree.

As the Senator says, once a nation has committed its resources to peaceful uses, a significant length of time must elapse before they can be converted to war. This conversion time would become a sort of "time lock," which would have to be broken open before a nation's resources could be shifted to warlike purposes—and that interval would give other nations time to prepare for self defense.

So, as a statement of faith that disarmament can be achieved where the will to achieve it exists, the Symington resolution deserves applause and commendation. But there remains the problem of creating a truly powerful will to achieve disarmament. Mr. Stassen might give himself that assignment, among others.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. I move that the Senate proceed to the consideration of executive business, for the consideration of new reports.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. If there be no reports of committees, the nominations on the Executive Calendar under the heading "New Reports" are in order. The clerk will state the first nomination.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Ellis O. Briggs, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William S. B. Lacy, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ROUTINE DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk proceeded to read sundry nominations in the routine Diplomatic and Foreign Service.

Mr. JOHNSON of Texas. Mr. President, I ask that the nominations in the routine Diplomatic and Foreign Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the routine Diplomatic and Foreign Service are confirmed en bloc.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. JOHNSON of Texas. Mr. President, I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

Mr. JOHNSON of Texas. I ask that the President be immediately notified of all nominations confirmed this day.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

RECESS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 56 minutes p. m.) the Senate took a recess until tomorrow, Thursday, March 24, 1955, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 23 (legislative day of March 10), 1955:

DIPLOMATIC AND FOREIGN SERVICE

Ellis O. Briggs, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

William S. B. Lacy, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

ROUTINE DIPLOMATIC AND FOREIGN SERVICE

To be consul general

E. Allan Lightner, Jr. of New Jersey.

To be Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service

Sidney B. Jacques, of New York.
Jeremiah J. O'Connor, of the District of Columbia.

To be Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service

John S. Barry, of California.
Joseph T. Bartos, of Colorado.
Edward W. Harding, of New York.
A. Guy Hope, of Virginia.
Cass A. Kendzie, of Michigan.
Homer W. Lanford, of Alabama.
Henry F. Nichol, of Virginia.
Philip D. Sumner, of Maryland.

To be Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service

Willis B. Collins, Jr., of Alabama.
John E. Crawford, of Minnesota.
Charles W. Falkner, of Oregon.
Miss Sofia P. Kearney, of the Commonwealth of Puerto Rico.
Kenneth A. Kerst, of Wisconsin.
Paul D. McCusker, of Colorado.
Franklin H. Murrell, of California.
G. Etzel Pearcy, of California.
Harold D. Pease, of California.
William A. Root, of Maryland.
Frederick L. Royt, of Wisconsin.
Robert R. Schott, of Oregon.
Charles C. Sundell, of Minnesota.
Maurice E. Trout, of Michigan.
Donald L. Woolf, of California.
Henry D. Wyner, of Virginia.

To be a Foreign Service officer of class 5, consul, and secretary in the diplomatic service

J. H. Cameron Peake, of New York.

To be Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service

Henry T. Andersen, of Connecticut.
John G. Bacon, of Washington.
William E. Berry, Jr., of Virginia.
William W. Blackerby, of Texas.
Walter S. Burke, of California.
Wallace Clarke, of California.
Miss Alice M. Connolly, of Washington.
Miss Virginia I. Cullen, of Pennsylvania.
Charles W. Davis, of Virginia.
Robert E. Dowland, of Tennessee.
William B. Dozier, of South Carolina.
Xavier W. Eilers, of Minnesota.
Miss Shirley M. Green, of Missouri.
Oscar H. Guerra, of Texas.
Ernest B. Gutierrez, of New Mexico.
Malcolm P. Hallam, of South Dakota.
George A. Hays, of Pennsylvania.
Roy R. Hermesman, of Pennsylvania.
Miss Margaret Hussman, of Idaho.
Samuel M. Janney, Jr., of Virginia.
Miss Thelma M. Jennssen, of Minnesota.
Robert S. Johnson, of Michigan.
Hugh D. Kessler, of Florida.
Arthur C. Lillig, of Oregon.
Edwin H. Moot, Jr., of Illinois.
John A. Moran III, of New Jersey.
John Patrick Mulligan, of Colorado.
Robert C. Ode, of Michigan.
Glen S. Olsen, of Utah.
Robert H. Rose, of Utah.
James T. Rousseau, of Florida.
Irving I. Schiffman, of Virginia.
Robert W. Skiff, of Florida.
Robert T. Wallace, of Michigan.
Robert A. Wooldridge, of Indiana.

To be Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service

Francis L. Foley, of Colorado.
William T. Keough, of Pennsylvania.

To be secretary in the diplomatic service

Alfred C. Ulmer, Jr., of Florida.

To be vice consul

Charles P. Kiteley, of Tennessee.

To be Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service

Wilson T. M. Beale, Jr., of the District of Columbia.
Samuel D. Boykin, of Alabama.
Bernard A. Bramson, of New York.
Edward G. Cale, of Maryland.
William W. Chapman, Jr., of Maryland.
W. Pierce MacCoy, of Virginia.
Harold W. Moseley, of Massachusetts.
Donald L. Nicholson, of Pennsylvania.
Walter K. Schwinn, of Connecticut.

To be Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service

John A. Birch, of Maryland.
Lee B. Blanchard, of Oklahoma.
Perry H. Culley, of California.
Edgar A. Dorman, of the District of Columbia.
Edwin M. Duerbeck, of Virginia.
Coulter D. Huyler, Jr., of Connecticut.
Donald B. McCue, of Virginia.
Charles J. Merritt, Jr., of Massachusetts.
Jack B. Minor, of New Jersey.
Thomas G. Murdock, of North Carolina.
Albert Post, of the District of Columbia.
John T. Sinclair, of Maryland.
Edward J. Thomas, of Ohio.
Alfred E. Wellons, of Maryland.

To be Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service

Sverre M. Backe, of California.
LeRoy E. Colby, of Maryland.
James A. Dibrell, of Texas.
Michael J. Dux, of Florida.
Nels E. Erickson, of Virginia.
Robert C. F. Gordon, of California.
Miss Betty C. Gough, of Maryland.
Homer C. Kaye, of Missouri.
Emery R. Kiraly, of Maryland.
Joseph B. Kyle, of Virginia.
Seymour Levenson, of California.
Ralph K. Lewis, of California.
William P. McEneaney, of Michigan.
Bruce H. Millen, of Louisiana.

Joseph F. Proff, of California.
Miss Marie E. Richardson, of Arkansas.
Earle J. Richey, of Kansas.
Norman V. Schute, of California.
Charles H. Taliaferro, of Virginia.
Miss Ruth J. Torrance, of Virginia.
Joseph E. Wiedenmayer, of New Jersey.

To be Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service

Robert A. Brown, of California.
Harrison W. Burgess, of Virginia.
Stephen A. Dobrenchuk, of Massachusetts.
Miss Dorothy J. Dugan, of New Jersey.
James J. Ferretti, of Connecticut.
William H. Gleysteen, Jr., of Pennsylvania.
Leaman R. Hunt, of Oklahoma.
Alexander C. Mancheski, of Wisconsin.
Louis B. Marr, of Pennsylvania.
William M. Olive, of Missouri.
William W. Sabbagh, of Maryland.
Ree C. Shannon, of North Carolina.
George W. Small, of West Virginia.
J. Harlan Southerland, of the District of Columbia.
Robert N. Wellman, of Ohio.

To be Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service

John T. Bennett, of California.
G. Ryder Forbes, of Virginia.
Elmer G. Kryza, of Michigan.
Miss Mary Manchester, of Texas.
James D. Mason, of Indiana.
Miss Nancy V. Rawls, of Georgia.
Robert P. Smith, of Texas.

The following-named Foreign Service officers for promotion from class 2 to grade indicated:

To class 1

John K. Emmerson, of Colorado.
Edward S. Maney, of Texas.
Gordon H. Mattison, of Ohio.
George A. Morgan, of the District of Columbia.
Woodruff Wallner, of New York.

The following-named Foreign Service officers for appointment to grade indicated:

To class 1, consul, and secretary in the diplomatic service

George H. Emery, of North Carolina.

The following-named Foreign Service officers for promotion from class 3 to grade indicated:

To class 2

R. Austin Acly, of Massachusetts.
N. Spencer Barnes, of California.
Leo J. Callanan, of Massachusetts.
Sterling J. Cottrell, of California.
Robert C. Creel, of New York.
Fulton Freeman, of California.
Edward L. Freers, of California.
Richard D. Gatewood, of California.
Wesley C. Haraldson, of Virginia.
Landreth M. Harrison, of Minnesota.
Owen T. Jones, of Ohio.
Sidney K. Lafoon, of Virginia.
John M. McSweeney, of Massachusetts.
John Ordway, of the District of Columbia.
Walter W. Orebaugh, of Oregon.
John M. Steeves, of the District of Columbia.
Robert C. Strong, of Wisconsin.
Alfred T. Wellborn, of Louisiana.
H. Bartlett Wells, of New Jersey.
Eric C. Wendelin, of Massachusetts.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 2, consuls, and secretaries in the diplomatic service

Bernhard G. Bechhoefer, of the District of Columbia.
William I. Cargo, of Maryland.
Sam P. Gilstrap, of Oklahoma.
John W. Jago, of California.
Charles H. Mace, of Ohio.
Alfred Puhan, of Wisconsin.
Joseph W. Scott, of Texas.
Richard S. Wheeler, of Michigan.
William D. Wright, of the District of Columbia.

To be consul general

Gerald Warner, of Massachusetts.

The following-named Foreign Service officers for promotion from class 4 to grade indicated:

To class 3

James M. Byrne, of New York.
Keld Christensen, of Iowa.
Clyde L. Clark, of Iowa.
Merritt N. Cootes, of Virginia.
Roy T. Davis, Jr., of Maryland.
Juan de Zengotita, of Pennsylvania.
Donald P. Downs, of Nevada.
Philip F. Dur, of Massachusetts.
James R. Gustin, of Wisconsin.
David H. Henry 2d, of New York.
William P. Hudson, of North Carolina.
William E. Knight 2d, of Connecticut.
Roswell D. McClelland, of Connecticut.
William D. Moreland, Jr., of Oregon.
Clinton L. Olson, of California.
Norman K. Pratt, of Pennsylvania.
Robert Rossow, Jr., of Indiana.
John H. Stutesman, Jr., of New Jersey.
Cyril L. F. Thiel, of Illinois.
Edward L. Waggoner, of Ohio.
Joseph J. Wagner, of New York.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 3, consul, and secretary in the diplomatic service

George H. Alexander, of Maryland.
Morton Bach, of Minnesota.
Edward P. Dobyns, of Virginia.
Bryan R. Frisbie, of Arizona.
Robert A. Hancock, of Michigan.
John E. Hargrove, of Mississippi.
Marshall P. Jones, of Maryland.
Warren H. McKenney, of Florida.
Robert M. Marr, of Ohio.
Howard Meyers, of Maryland.
Trevanion H. E. Nesbitt, of Maryland.
Nils William Olsson, of Illinois.
Nestor C. Ortiz, of Virginia.
Lawrence A. Phillips, of Maryland.
Arthur J. Waterman, Jr., of Virginia.

The following-named Foreign Service officers for promotion from class 5 to grade indicated:

To class 4

Robert B. Dreessen, of Missouri.
Harry F. Pfeiffer, Jr., of Maryland.

To class 4 and consul

Theo C. Adams, of Texas.
Willard Allan, of Colorado.
John Q. Blodgett, of the District of Columbia.
Archer K. Blood, of Virginia.
Robert W. Dean, of Illinois.
Richard H. Donald, of Connecticut.
Adolph Dubs, of Illinois.
John W. Fisher, of Montana.
Wayne W. Fisher, of Iowa.
John I. Getz, of Illinois.
Robert S. Henderson, of New Jersey.
Edward W. Holmes, of Washington.
Thomas D. Kingsley, of Maryland.
Herbert B. Leggett, of Ohio.
Edward V. Lindberg, of New York.
Edward T. Long, of Illinois.
James A. May, of California.
Cleo A. Noel, Jr., of Missouri.
LeRoy F. Percival, Jr., of Connecticut.
Jordan T. Rogers, of South Carolina.
John A. Sabini, of the District of Columbia.
Dwight E. Scarbrough, of Minnesota.
John P. Shaw, of Minnesota.
Francis T. Underhill, Jr., of New Jersey.
Milton C. Walstrom, of the Territory of Hawaii.
Park F. Wollam, of California.
Parker D. Wyman, of Illinois.
Sam L. Yates, Jr., of California.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 4, consuls and secretaries in the diplomatic service

Paul C. Campbell, of Pennsylvania.
Roger P. Carlson, of Minnesota.
Antonio Certosimo, of California.
Asa L. Evans, of South Carolina.
Mrs. Florence H. Finne, of California.
Harry George French, of Wisconsin.
Harrison M. Holland, of Washington.
William S. Krason, of New York.
Frederick D. Leatherman, of Ohio.
Allen F. Manning, of Maryland.
Ralph J. Ribble, of Texas.
Charles M. Rice, Jr., of Montana.
Robert M. Schneider, of Iowa.
Peter J. Skoufis, of Maine.
Harry R. Stritman, of California.

The following-named Foreign Service officers for promotion from class 6 to grade indicated:

To class 5

Richard H. Adams, of Texas.
William G. Allen, of Vermont.
Robert J. Ballantyne, of Massachusetts.
William R. Beckett, of Michigan.
William D. Broderick, of Michigan.
North C. Burn, of Washington.
Alan L. Campbell, Jr., of North Carolina.
Frederic L. Chapin, of the District of Columbia.
Maxwell Chaplin, of California.
Edward R. Cheney, of Vermont.
James D. Crane, of Virginia.
Franklin J. Crawford, of Ohio.
John E. Cunningham, of Pennsylvania.
David Dean, of New York.
François M. Dickman, of Wyoming.
James B. Freeman, of Ohio.
Alexander S. C. Fuller, of Connecticut.
James Robert Greene, of California.
Herbert M. Hutchinson, of New Jersey.
Kempton B. Jenkins, of the District of Columbia.
Richard E. Johnson, of Illinois.
George R. Kenney, of Illinois.
Lucien L. Kinsolving, of New York.
John F. Knowles, of New Jersey.
Henry Lee, Jr., of Massachusetts.
William W. Lehfeldt, of California.
Harry R. Melone, Jr., of New York.
Thomas N. Metcalf, Jr., of Massachusetts.
George C. Moore, of California.
Benjamin R. Moser, of Virginia.
Harvey F. Nelson, Jr., of California.
Richard D. Nethercut, of Wisconsin.
G. Edward Reynolds, of New York.
Ralph W. Richardson, of California.
William E. Schaufele, Jr., of Ohio.
Kennedy B. Schmertz, of Pennsylvania.
Talcott W. Seelye, of Massachusetts.
William C. Sherman, of Illinois.
Robert K. Sherwood, of Nebraska.
Christopher A. Squire, of Virginia.
Heywood H. Stackhouse, of Virginia.
William W. Thomas, Jr., of North Carolina.
Lewis R. Townsend, of New Jersey.
Charles L. Widney, Jr., of Tennessee.
Frank S. Wile, of Michigan.
William D. Wolle, of Iowa.
Chester R. Yowell, of Missouri.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 5, vice consuls of career, and secretaries in the diplomatic service

Robert Anderson, of Massachusetts.
Miss Mildred J. Baer, of Maryland.
Miss Edna H. Barr, of Ohio.
Miss Dorothy V. Broussard, of Texas.
M. Lee Cotterman, of Ohio.
Ray H. Crane, of Utah.
A. Hugh Douglas, Jr., of Rhode Island.
Elden B. Erickson, of Kansas.
Richard V. Fischer, of Minnesota.
Ralph C. Fratzke, of Iowa.
John H. Hermanson, of Massachusetts.

Miss Olive M. Jensen, of Iowa.
Richard N. Kirby, of Ohio.
Nicholas S. Lakas, of Connecticut.
Kenneth W. Linde, of Connecticut.
Charles G. Mueller, of Montana.
Virgil E. Prichard, of Oklahoma.
Joseph H. Quintanilla, of Texas.
Miss Martha Jean Richardson, of Illinois.
Robert F. Slutz, Jr., of Maryland.
Miss Violet Smith, of New York.
Miss LaVerne L. Thomsen, of Washington.
Paul E. Woodward of Pennsylvania.

To Class 6, vice consuls of career, and secretaries in the diplomatic service

Robert J. Allen, Jr., of the District of Columbia.
Harvey J. Cash, of Texas.
Brewster R. Hemenway, of New York.
Adolph W. Jones, of Tennessee.
William H. McLean, of Kentucky.
Paul J. Plenni, of West Virginia.
Miss Elizabeth J. Rex, of Pennsylvania.
Miss Betty A. Robertson, of Pennsylvania.
Carl G. Seasword, Jr., of Michigan.
Miss Alice M. Smith, of North Carolina.
Nicholas A. Veliotes, of California.

The following-named Foreign Service staff officers to the grade indicated:

To be consuls

John A. Birch, of Maryland.
Gordon Dale King, of Texas.
James P. Parker, of Connecticut.

POSTMASTERS

ARKANSAS

Richard E. Williams, Rogers.

CALIFORNIA

Evelyn O. Lesley, Mount Baldy.
Burnice C. Wellband, Pine Valley.

DELAWARE

Clarence A. Willis, Jr., Laurel.
David W. Steele, Ocean View.

IOWA

Doris M. Beaman, Mondamin.

LOUISIANA

Melva E. Robinson, Mandeville.

NORTH CAROLINA

Harry C. Robbins, Blowing Rock.
James L. Chestnutt, Edenton.
Lee G. Phipps, Grassy Creek.
Victor F. Harris, Harrisburg.
Kathryn H. Perry, Kitty Hawk.
James L. Oakley, Providence.
James D. Glisson, Stokes.
Iris S. Powell, Wentworth.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 23, 1955

The House met at 11 o'clock a. m.

His Grace Athenagoras, bishop of the Greek Orthodox Church in America, offered the following prayer:

Almighty and ever-living God, King of the universe, in gratitude we turn our hearts unto Thee for the priceless gifts that Thou hast bestowed upon us, Thy faithful people.

For a rich and bountiful land whose blessings reach across the wide seas to enrich others.

For the freedom to live and work and worship under the dictates of conscience and not of tyrants.

For a way of life that acknowledges first the dignity of the human entity.

For a pattern of living that offers endless opportunities for many who have talents and faith.

For all that makes us a great nation not in wealth nor in power but great with the greatness of humility and the willingness to share our blessings with those in need and suffering all over the world.

We thank Thee for the great achievements of all the nations that offer under Thy sight enlightenment and example unto us and especially for the gallant Greek nation in the struggle of liberation and freedom.

As we observe this nation's day of independence this week we beseech Thee, O Lord of all nations, to strengthen all those who fight for peace and freedom, grant to the oppressed hope and courage, and, to those who live in the bondage of fear, faith and patience to preserve their integrity and keep intact the treasure of human dignity.

Bless, O Lord, the leaders of this our Nation and all those unto whom Thy faithful people have entrusted the protection of their freedom and rights.

Guide the leaders of all the nations and enrich their minds and hearts with the spirit of the Gospel of Thy Son, our Lord, who liveth and reigneth with Thee and Thy Holy Spirit, now and ever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 913. An act to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate or House of Representatives.

The message also announced that the Senate agrees to the amendment of the House of Representatives to the amendment of the Senate in line 7 of the bill (H. R. 2576) entitled "An act to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before April 1, 1958."

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to the title of the above-entitled bill.

ANNIVERSARY OF GREEK INDEPENDENCE

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. FERNANDEZ. Mr. Speaker, we reverently listened, as the session opened this day, to the prayer by His Grace, Bishop Athenagoras, of Boston, Mass., the spiritual leader of the Greek Orthodox faithful in New England, who said the invocation at the invitation of our beloved Chaplain, Dr. Bernard Braskamp.

It is a coincidence, but in a sense an appropriate one, for this week, March 25 to be exact, marks the anniversary of the independence of Greece in 1821 from the powerful Ottoman Empire after 400 years of subjugation.

For centuries and centuries since ancient times Greece had been a free democracy. During the golden age of the Greek people, democracy flourished, and our civilization borrowed much from their experience and teachings. That democracy and the love of freedom has been carried through the years in the Western World and is still with us today in this great country of ours and in many other free nations.

The Greek people also gave us of the arts, the sciences, medicine, architecture, and other attributes to our civilization. This and much more we owe to Greece.

The aggressive Ottoman rule left her impoverished but with spirit unbroken, and so it came to pass that in the present era, this little nation of 7 million people dared to fight back a Mussolini, a Hitler, and a Stalin in rapid succession. From this example others took courage and the tide of nazism and communism was stemmed.

In the process, the Greek people suffered great losses in lives and blood, it suffered from want, disease, and economic disaster as the result of its heroic stand. It was well that our own America was in position to repay Greece by coming to its aid financially. They responded to that aid by restoring their economy to a sounder basis. No greater appreciation of that financial aid could be shown than to use it wisely and well. This they have done.

American descendants of this great Greek Nation have watched with loving concern her struggle to remain and retain the proud place in the family of nations to which her heritage and valor entitles her. On this anniversary of their independence, we pay tribute to the heroic people of Greece.

UNEMPLOYMENT IN COAL FIELDS OF PENNSYLVANIA

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FLOOD. Mr. Speaker, yesterday for 6 hours this House discussed an important matter dealing with national security, the disposal of rubber plants. Today we will discuss for 2 hours a resolution dealing with the same matter. That is as it should be, and the House will decide.

I see where employment is at a very high scale in America. Commerce and business is increasing, and the goose hangs high. I do not like to be an unpleasant relative to my colleagues, but may I direct your attention again to the coalfields of Pennsylvania, where there is a serious and distressed economic condition affecting the welfare of millions of American citizens. In my district